

# NATIONAL MUNICIPAL REVIEW

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## VIEWS AND REVIEWS

"Organized labor favors the city-manager plan and will fight to keep it in Dayton."

Ora Kress, secretary Building Trades Council of Dayton.

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A resolution passed by the recent Pennsylvania legislature empowers the governor to appoint a commission to consider administrative consolidation in the state government.

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After thorough study, a committee of the local Municipal League has recommended the city-manager plan for Seattle.

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The cases reviewed this month in our Judicial Decisions department cover a wide field and are extraordinarily informative.

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Detroit boasts sixty-seven municipal playgrounds. She thus takes rank as the second city in the country in point of playground activity, according to Clarence E. Brewer, recreation commissioner. Chicago is said to lead in this work.

✱

Plans have been worked out by which representatives of the county supervisors and officials from various municipalities within the county will

meet with the Los Angeles city planning commission to act as a regional planning and zoning board for the city and county.

✱

Petitions seeking the recall of the mayor and commissioners of Knoxville, Tennessee, were thrown out by the election commission on the ground that the charges were made against the commission as a body and not against the individual members. This action was based on a former decision by the state supreme court.

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The Philadelphia city council has declined to approve the mayor's plan for city-wide municipal street cleaning to begin October 1. Philadelphia's new charter authorizes the city to clean its own streets. In the past, and to a large extent at present, this work has been done by private contractors to the great scandal of Philadelphia's good name.

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The Washington *Herald* regrets that citizens of the nation's capital have no vote in their municipal affairs, and suggests a method by which their influence may be felt without the franchise. It is to use the forty citizen's associations, with a membership of nearly 20,000, open to all who

care to join, to take a referendum vote of their members to express their will to the commissioners or to the president in the appointment of commissioners. Opinions so expressed would be difficult to ignore.

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Petitions have been filed in Pontiac, Michigan, calling for a general revision of the charter and the appointment of a charter commission to provide the form of government in existence prior to 1911. Dissatisfaction because of the highest tax rate in the history of Pontiac is the occasion for the effort to abandon the city-manager plan. The city commission realizes that taxes are high, and has distributed a card showing that more than thirty-seven cents of the city tax dollar goes for payment of charges on debts incurred before manager government came in.

No canvass has been made, but in the opinion of many qualified to judge the chances that the petition will succeed are not good.

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The new constitution of Louisiana, drafted by a convention, goes into effect without vote by the people. At this distance it is difficult to say what was accomplished. We shall report on it at length in an early issue. According to Governor John M. Parker, four outstanding results were attained. They are provision for a Greater Agricultural College, a good roads system, suffrage revision so as to include females, and a modernized judiciary.

The judiciary provisions were commented on by Herbert Harley, in our last issue. The convention rejected a scheme for a thoroughly modern system presented by the New Orleans Bar Association. A notable accomplishment was the optional county government provision, described in the July REVIEW.

The civic development department of the United States Chamber of Commerce, under Mr. John Ihlder, has compiled and published some exact figures on new building in this country. A form was prepared in co-operation with the federal bureau of labor statistics and sent to 218 selected cities. Acceptable returns were received from 131. The data apply only to the year 1920, no figures being available for former years, and concern new building only. The estimated cost of new buildings, for which permits were issued in these cities last year, is \$1,043,192,000. Of this, 36 per cent was for new dwellings. Factories and workshops were second with 16.8 per cent, stores and mercantile buildings third with 13.3 per cent; while office buildings and garages tied for fourth place with 8.2 per cent each. Schools, hospitals and charitable buildings called for 5.4 per cent. Amusement places cost more than churches, hospitals or public buildings.

The population of the cities reporting was 30,000,000 in 1920.

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*Politics  
and State  
Aid*

Governor Sproul of Pennsylvania wants a constitutional convention, but most of the politicians have been afraid of it, and an important wing of his party has been opposing it strenuously. Finally a bill was passed submitting the proposition to the people this month with the hope on the part of many that the voter's apathy would defeat it.

But a decision of the supreme court suddenly altered the situation. State aid to private charities has been a political scandal for many years in Pennsylvania. Opposed time and again as unscientific and wasteful, the system of state aid to charities has displayed unquenchable vigor because of the spoils it affords. Now, after



forty-five years, the highest court of the state in a taxpayer's suit declares that appropriations to private charities are unconstitutional, and the only remedy to the panic-stricken politicians is to change the constitution. Overnight they have become advocates of a constitutional convention, which they hope can be trusted to maintain the *status quo* relative to state aid.

One by-product of the system was the decreased independence of members who were expected to bring home the bacon for their local hospitals and institutions. The several hundred private aid bills, although introduced early in the session, were never reported from committee until nearly the close. Fear that the leaders would deal harshly with his appropriations, to the detriment of his popularity back home, exercised a restraining influence on the member who cherished other virtues than regularity.

✦

*The Amateur*

vs.

*The Expert*

Harry N. Howe, prominent engineer of Memphis, was the unanimous choice of the city commission to

fill the vacancy in the office of commissioner of streets, bridges and sewers. He is a member of a firm of consulting engineers and has had long experience in construction work. Note how differently he was chosen from the other commissioners who manage the remaining departments. They were elected by the people at large who agreed with their politics and liked them personally. Their peculiar fitness for their administrative jobs was not and could not be generally known. When elected they were probably only novices with a willingness to learn, perhaps. But a vacancy occurs on the commission. There is a big street and sewer improvement plan on foot. Said one commissioner, "It was essential to find a man who had the train-

ing, the ability and the inclination to put over the big program." The small commission was able to choose a man on this basis; his capacity as a legislative representative of the people was not the controlling consideration, as in the case of popular election.

Special selection is the only way that men specially adapted to special jobs can be found. The small group can know what the job demands and can study Mr. Howe's or some other man's qualifications for it. But the public cannot be expected to know all this; all they can do is to form an opinion on broad policies. The people are perfectly able to select men on the basis of policy or platform, who in turn can be charged with responsibility to find servants to execute the technical details. The action of the Memphis commission is exactly what takes place under city-manager government. Unfortunately, Memphis cannot apply it to all departments of city administration.

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### Next Year's Budget

It is yours to guess at the total figures which will compose next year's budget and the number of deficiency bills which will be brought in before the year is over. For every announcement of millions saved there is a proposal to use that and a little more for some other federal project which has already been curtailed or eliminated. Until we know the *total net cost of current expenditures* for the year 1922-23, at the end of the year, we shall not know the whole story, and until we know the whole story we cannot estimate our savings.

It is easy for you or me to walk to work in the morning and hire a taxi home at night. It is easy to deny oneself a trip to Atlantic City when you never had the cash in hand to cover the

cost. It is easy to make the old car do and spend the price of a new one in repairs. It is easy, oh so very easy, to save \$10 and spend \$20 because of the virtuous feeling that one owes oneself something for one's noble self-denial. And if you and I have dual or triple personalities with moods for saving and moods for spending, what is to be said of a government which has over four hundred representatives and ninety-six senators to vote money and ten executive department heads and scores of independent commissions and bureaus to ask for it?

Moreover, until we find some method of *measuring service* we can never know whether we are economizing or sacrificing some needed activity. Unfortunately, even such rough methods of gauging the value of federal administration as we have learned to apply do not register results fully until those results have become cumulative. No one can yet accurately estimate the injustice and maladjustment which have resulted in the ranks of the returning soldiers because of the absence of an efficient federal employment service which might have cooperated with local communities to place in civil, commercial and industrial organizations those who abandoned their personal affairs to defend

these United States of America. It may well be that the money saved on this service will in the future be spent many times over in a belated effort to provide substitute measures for adjustment.

These words are not a prediction of dire disaster for the new director of the budget; they are an expression of sympathy for the problems he will have to meet and an appreciation of the fact that the money budget can only be measured in terms of the work-performed budget, and not in comparison with money spent last year or the year before. The reorganization of the federal administration, if accomplished, should provide a machine which *can* be administered efficiently, but it will neither produce nor measure service rendered. It will be within the province of the new budget bureau to strike a balance between the credit column of federal service with the debit column of federal expense.

What with the continuous courage, keen understanding, and consecutive effort required to maintain the balance between service and expenditure the new director of the budget has himself undertaken to perform a service which may well prove to have a value out of all proportion to its cost.

H. J.



## IN MEMORY OF CHARLES J. BONAPARTE

The League mourns the loss of an old and valued friend. Charles J. Bonaparte, one of the founders of the National Municipal League and for years actively identified with it as an officer and adviser, passed away on June 28. He was one of the speakers at the Philadelphia Conference for Good City Government in 1894, and was the first chairman of the Executive Committee of the League, serving in that capacity from 1894 to 1903 when he was chosen president to succeed James C. Carter. He filled that office until 1910 when he retired, accepting election as vice-president, in which office he continued until his death.

Mr. Bonaparte typified the highest type of volunteer public service. Clear headed, pure minded, he was devoted to the highest interests of the public. Passion and prejudice played no part in his judgment. He was singularly dispassionate and discriminating. At all times careful, considerate and courageous, he was a sound and helpful adviser. The National Municipal League is deeply indebted to him for his long continued, wise and unselfish service.

Mr. Bonaparte on one occasion defined his political status in this manner: "I am both a Republican and an Independent; the former primarily, and the latter secondarily." Naturally it was his independent characteristics that he most fully and completely manifested in his work for the League.

An ardent believer in the merit system, he appreciated the bigness and complexity of the municipal problem, and he was unremitting in his efforts to stimulate intelligent public interest in them. Indeed, his contribution was more largely inspirational than constructive, for he realized that the most perfect machinery without the right sort of men to run it and the right sort of spirit to guide would be of little value.

An active member of the Baltimore Reform League and of the Maryland Civil Service Reform League, he contributed largely to the development of that sound public sentiment that has made Maryland an independent state and has secured so many substantial, permanent improvements. He never hid behind anyone else, when he had a charge of corruption or inefficiency or maladroitness to make; he did it over his own signature, on one occasion saying: "There—if they are libels I am responsible. Let them sue."

He was a graceful and forceful orator; a trenchant writer; a faithful public servant (as a member of President Roosevelt's cabinet); a devoted friend; a true steward of private wealth, great opportunities and unusual personal gifts.

CLINTON ROGERS WOODRUFF.



# THE SEVENTEENTH ANNUAL CONVENTION OF THE AMERICAN CIVIC ASSOCIATION

BY HARLEAN JAMES

*Secretary, American Civic Association*

THE seventeenth annual convention of the American Civic Association and the twenty-seventh annual meeting of the National Municipal League are scheduled for the week of November 13 in Chicago. The American Civic Association was formed at a conference held in the city of St. Louis, June 9-11, 1904, by a merger of the American Park and Outdoor Art Association and the American League for Civic Improvement. Its first and only president is J. Horace McFarland, who was president of the American League for Civic Improvement. Its first vice-president was Clinton Rogers Woodruff, who was for twenty-five years secretary of the National Municipal League. Until his untimely death William B. Howland served as treasurer and active promoter of the civic association. The first general vice-presidents were George Foster Peabody and Franklin MacVeagh. The fifteen department vice-presidents in their subjects covered an extensive civic field and included some aspects of the social field which had not then been so definitely defined as it has come to be in later years.

The succeeding conventions were held as follows:

October 4-6, 1905 . . . . . Cleveland, Ohio  
 October 24-26, 1906 . . . Milwaukee, Wisconsin  
 November 19-22, 1907 Providence, Rhode Island  
 November 16-19, 1908 Pittsburgh, Pennsylvania  
 November 15-18, 1909 . . . . . Cincinnati, Ohio  
 December 14-16, 1910 . . . . . Washington, D. C.  
 December 13-15, 1911 . . . . . Washington, D. C.

December 19-21, 1912 . . . Baltimore, Maryland  
 1913 . . . . . No convention  
 December 2-4, 1914 . . . . . Washington, D. C.  
 December 28-31, 1915 . . . . . Washington, D. C.  
 December 13-15, 1916 . . . . . Washington, D. C.  
 October 22-24, 1917 . . . . . St. Louis, Missouri  
 1918 . . . . . No conference  
 October 29-31, 1919 Philadelphia, Pennsylvania  
 October 14-16, 1920 . . . Amherst, Massachusetts

It may be observed that the American Civic Association has not held its convention west of the Atlantic seaboard since 1917, and only once have its members met in a western city since 1909. The choice of Chicago for the 1921 convention, therefore, should be a particularly happy one.

In view of the working co-operative arrangement between the National Municipal League and the American Civic Association, it is of more than passing interest to recall that the third, fourth and fifth conventions in 1907, 1908 and 1909 were held jointly with the National Municipal League representing respectively the thirteenth, fourteenth and fifteenth annual meetings of that body. Thus, over a long period of years, there has been a close tie between these two organizations laboring in adjoining vineyards.

## CIVIC REVIVAL WEEK IN CHICAGO

It is proposed to make this year's convention a *Civic Revival Week*. November 13 might well be designated *Civic Sunday* in Chicago, as was



the first day of the association's convention in St. Louis in 1917. After the neglect of civic affairs, due to the war and its aftermath, the contact of national and local leaders should be extremely helpful in meeting the problems which have accumulated in every community. Chicago has much to offer in the way of demonstration in city planning and in the location and use of parks, playgrounds and public buildings. Chicago shares with the rest of the country the problems of inadequate housing. The city has in its civic organizations powerful agencies for effecting civic improvement. It is these organizations which have extended to the National Municipal League and the American Civic Association the invitation to come to Chicago this year.

The program for the convention will be made up in conference with local civic leaders during September and October. Certainly, however, those who attend the convention may count on a *park day* when na-

tional, state and city parks will be discussed. Undoubtedly, there will be a *city-plan and zoning day*, a *housing day* and perhaps a *town day*. Possibly Wednesday, November 16, will be set aside as *co-operation day*, and the joint sessions of the National Municipal League and the American Civic Association will deal with methods of co-operation in local communities, dwelling on the form and machinery of government desirable to bring the best results in civic improvement and stressing the dependence of civic advance on the enlightened expression of the people in a responsive, responsible government.

*Now is the time to plan to set aside the week of November 13-18 for participating in the Civic Revival Week in Chicago. You must have something to contribute to the conference, and you should return home with renewed hope and renewed courage to do your share toward putting into actual effect those plans about which your organization has been talking for so long.*

## A BIG JOB IN NATION PLANNING

BY EUGENIUS H. OUTERBRIDGE

*Chairman, The Port of New York Authority*

*New York and New Jersey have recently signed the port treaty establishing a central authority to plan future development of the nation's largest gateway.*    ::    ::    ::    ::    ::    ::    ::

THE port of New York is unique in containing a greater number of sheltered bays and a greater mileage of shore front than any other port in the world. With New York's lower and upper bays connecting the Hudson and East rivers, Newark Bay with the Passaic and Hackensack rivers, Jamaica and Flushing bays, there is over 800 miles of water front within the port district susceptible of development

for the uses of commerce and industry. Taken as a whole it is one of the greatest assets of the nation, and especially of the states of New York and New Jersey within whose confines it lies.

Natural resources such as these would automatically attract industry and commerce. But besides that, New York city has for some generations, and increasingly in the last forty years, been a great magnet drawing to itself

from all over the country, and to some extent from abroad, men pre-eminent for ability, enterprise, courage and industry, and under their tireless initiative and executive ability commerce and industry have so developed that more than 50 per cent of the entire foreign commerce of the country has flowed through this port, and more than 10 per cent of the entire manufacturing industry of the country is conducted within the limits of the City of Greater New York.

#### PORT CONGESTION AND UNDEVELOPMENT

Perhaps because of the very expanse of sheltered waters and of shore front and available hinterland, the same foresight, intelligence and driving force that has been applied to the development of commerce and industry has not been devoted to the development of port facilities, or rather to co-ordinating them in an orderly, scientific and economic manner.

Hence, sections of the port have become so intensively used as to create congestion, delays and unavoidable expense, while many very large sections are still undeveloped and without proper facilities with which to relieve the pressure.

With 75,000,000 tons of freight passing annually into, through and out of the port district by rail; with 45,000,000 tons a year passing in or out of the port on ships; with a steamship entering or leaving the port every twenty minutes of every day in the year, in daylight hours, a mental picture of the business of efficient and prompt freight handling is only possible to those who have had some practical experience with the problem.

But when it has been authoritatively estimated that natural facilities yet remain which when properly developed

and co-ordinated would permit of handling economically and with despatch ten times the maximum business heretofore handled at this port, it will be seen that the arguments of those who suggest that business should be diverted to other ports by means of freight rate differentials or other artificial influence fall to the ground without reasonable basis.

As a nation we have been prodigal in the use of our national resources, in many cases to the extent of depletion.

In the port of New York even prodigality could not exhaust its possibilities for generations to come, but lack of foresight, of any comprehensive scientific plan for bringing these great natural facilities by the skilful hand of man into the most economic and fullest usefulness has created the temporary embarrassments and congestion which put an unnecessary burden upon commerce, enhances the cost of doing business and of living and furnishes the plausible arguments used by those interested in the development of other less favored ports for the diversion of trade from its *naturally* most favored channels to others still in the making.

#### DIVISION OF STATE JURISDICTION AN OBSTACLE

Many causes besides this seemingly inexhaustible supply of room have contributed to the neglect in developing the port of New York. The division of jurisdiction between two states and many bordering municipalities, frequent changes in political administrations and consequent lack of continuity of policy, individualistic and competitive management of transportation agencies, instead of co-operative and consolidated effort, have all played their part in a policy of providing for needs as the expediency of the moment dictated rather than by development



based upon a well-considered forward-looking port plan carried out in proper economic sequence.

The rapid transit problem is apparent to every inhabitant who has to travel by public conveyance, and the difference between a 5-cent and a 10-cent fare is an economic reality as well as a political issue with every wage earner.

But the obscurity and intricacies of the freight movements which add to the cost of building and hence of rents, to the cost of food, fuel, clothing and all the necessities of life are known and realized only by the few engaged in the operations and are difficult to bring home to the individual so as to rouse his comprehension and interest even though the consequent burden of inefficient facilities transcends the 10-cent fare issue to every person by many hundred per cent.

#### THE PORT TREATY

Probably no more beneficent act has ever been taken in the interests of the people than the recent compact between the states of New York and New Jersey, obliterating the line which has divided the port, creating a single port district and the Port Authority

as a continuing body to have jurisdiction over the future development of the port of New York after these two states have adopted the comprehensive physical plan which the Port Authority is to work out in conjunction with the many affiliated agencies of transportation and the municipal and commercial interests embraced in the port district.

If a true comprehension of the possibilities can be developed so as to obtain the co-operation and unity of purpose of all concerned, the port of New York can become not only the pride of the nation, but a service to it and all mankind such as eye hath not seen nor ear heard, nor mind conceived, and only by co-ordination and development as a whole can its many integral parts reach the fullest fruition of which they in turn are capable.

To present the information so as to bring about a general comprehension of the subject, to secure the necessary co-operation of all concerned, to develop the comprehensive plan, to secure its adoption and then to bring about the creation and administration of the facilities is the great work which the Port Authority has been created to do, upon which it has just started, and to which it will devote its undivided and unceasing attention.

# NASHVILLE PLAYS POLITICS

## UNDER GUISE OF CITY-MANAGER GOVERNMENT, THE OLD GAME CONTINUES

BY IRBY ROLAND HUDSON

*Vanderbilt University, Nashville*

AT the recent meeting of the Tennessee legislature the city of Nashville was granted a new charter that combined certain features of the city-manager plan with the old councilmanic régime. The mayor, who serves as titular head as well as business manager, is to be elected by the council and may be removed for cause by the council at any time. Instead of taking the manager's position out of politics, the central theme of the new charter seems to be to place politics in the heart of the city's government. Certainly the legislating into office of the mayor, who had been a political center around whom the charter fight was staged, and the manner in which he was later suspended from office, would confirm that general conclusion.

### UNDER WARD SYSTEM, OPPONENTS OF NEW CHARTER WIN

While naming the mayor for a period of six months, the charter provided for an immediate election of the fifteen councilmen, which was held on March 31. This election turned largely on the question of the support of the new charter, which had encountered severe opposition in its passage through the legislature, because it stood for no definite plan of government, but rather was a mongrel type that satisfied only a small group, and that group was chiefly the followers of the mayor. Two entire tickets were placed in the field:

the candidates on one ticket were pledged to carry out the charter as it was drawn up and were cordial in their support of the mayor then in office; the other ticket was pledged to elect a man as mayor who had announced his opposition to the group that had drawn up the charter, and who promised to carry the question of a repeal of the charter to the people at the election of the county's representatives to the next legislature. Only two in favor of the new charter were elected, while thirteen of the new councilmen were definitely lined up in opposition. As the ward system was introduced by the present plan of government, the total vote may not be of much consideration, yet in this the former mayor's candidates, who, however, were pledged to vote independently in electing a mayor in September, received about half as many votes as those who opposed them.

### OLD MAYOR SUSPENDED TO MAKE ROOM FOR SUCCESSFUL LEADER

At the first meeting of the new council Mr. Wilson, to whom the majority were pledged, was elected mayor on the completion of Mr. Gupton's term of office in September, the vote of the council being unanimous. At once friction developed between the council in the conception of its duty and Mayor Gupton. At the meeting on May 4 charges of violating certain



corrupt practices acts and some of the provisions of the charter were brought against the mayor that caused him to be suspended from office. At the same meeting Mr. Wilson was elected to fill the vacant place until a trial should decide the correctness of the charges cited. The ousted mayor was given twelve days to file answer to these charges, but instead of fighting the case Mr. Gupton resigned on the following day. Just before handing in his resignation he accepted the resignation of the chief of police who had been very active in the councilmanic election in March, as well as in a number of previous elections.

The mayor in handing in his resignation stated that of the seven charges brought against him, six were based on political reasons wholly, and the remaining one was untrue. To what extent this may be a correct diagnosis of the case it is difficult to say. It may be stated definitely, however, that political considerations played some part, and that in the interplay of political forces the former mayor had lost and had nothing to gain by remaining in office or in fighting the case in court,

as it could have been protracted until his term of office as established by law had expired.

The new charter makes the mayor-manager a political follower of the council, or else makes the mayor the head of a political group that is to control the affairs of the city. There is no recall of the mayor by popular vote, nor has he any appeal to public support in any other way than by securing the election of councilmen who will favor his measures. The motive largely dominating the authors of the new charter was to foster and perpetuate a group in power. At the first election under the new instrument of government the people by their vote repudiated the charter as drawn up and the suspension and resignation of the mayor, around whom an organization was to be built, were but natural results of the political forces set in motion throughout the entire movement. Under the new mayor little friction has been noted so far and our municipal machinery has worked smoothly, except for an undercurrent of opposition from a "liberal" element who do not favor a strict enforcement of the law.

## SALVAGING WASTE IN PITTSBURGH

BY H. MARIE DERMITT

*Secretary, Civic Club of Allegheny County*

*Read how Pittsburgh's charities utilize waste to salvage men.*

WHEN we talk of waste we practically set down in our minds something of no value, and our chief object in connection with it is to put it out of sight. That is an excellent object. It tends toward cleanliness and sanitation, and this phase of the waste problem cannot be too greatly stressed. Cellars and convenient places for storing waste

paper, old furniture and rubbish of various kinds have resulted in many instances in a fire hazard and health menace to the neighborhood, and have led to the popular belief that clean-up days once a year are civic events that are advocated by the best authorities in this line of work. Now clean-up days once a year may furnish an excellent

opportunity for civic enthusiasm and act as a generator for cultivating civic interest in the appearance of one's town, but this kind of civic endeavor is soon going to be relegated to the back-ground. Agencies all over the country are considering the day-to-day, methodical disposal and salvage of waste in a manner which brings an economic return in more than one way.

#### ANNUAL CLEAN-UP DAY OBSOLETE

Pittsburgh has, through several charitable agencies, taken hold of this in such a manner that their work, together with the rummage sales which have become so wonderfully popular and financially successful, will obviate the necessity of a clean-up day annually. It is only a matter of education and a little more time to work out the details of this lucrative business until the property holders and house holders will be ashamed to permit waste of any kind to litter their premises.

The largest organization that has taken up this work in Pittsburgh is the Association for the Improvement of the Poor. Nine years ago the association established what is known as the Men's Industrial Department, "the main object of which is to give employment to thousands of men who are temporarily out of work and to provide work for men who are not able to do full-time work because of age, crippled condition and lack of training." The solution of the problem of taking care of this group has been worked out and the department is now self-supporting through the collection of waste material, including newspapers, magazines, old furniture, bric-a-brac, clothing, carpets, rugs, shoes, etc. This is worked over and produces enough revenue to be self-supporting. Every dollar earned is put back to maintain the work.

#### WHAT IS BEING ACCOMPLISHED

The association has purchased ground and erected a building, with necessary equipment, at a cost of \$550,000. This building has been provided with all the paraphernalia necessary to repair and renovate old clothes, reblock and repair hats, carpet looms, woodworking machinery and equipment for repairing clocks, bric-a-brac and other material. Fourteen tons of waste paper are brought into the building every day, in addition to quantities of material for the collection of which eight trucks are in constant use. Ten thousand thrift bags, the contents of which are sterilized before sorting, are gathered from homes all over the city, thereby bringing in quantities of clothing which is repaired and sold at very low rates. The Industrial Department store really "blesseth him that gives and him that takes." A hotel in part of the building provides lodging and meals for hundreds of men. From March, 1920, to March, 1921, there was received a total income of \$21,514.45 as against a total expense of \$17,562.09. The Men's Industrial Department alone during this same period approximated a total income of \$62,000. Of these receipts the sale of paper stock brought in approximately \$41,000. This surplus helps to tide over such periods as are now being experienced, for magazine paper stock has fallen from \$60 a ton to below \$20 a ton today; other kinds of paper and rags have fallen proportionately.

Work is regularly given to sixty men a day who wander in from among the city's unemployed, travelers or stranded men. Every kind of talent and energy of which a man is capable is utilized, and the man in return is made self-respecting and an asset instead of a burden and a financial liability to the city.



Located in the heart of the "Strip District," Pittsburgh's Good Will Industries, established in 1918 by the Home Mission Board of the Methodist Episcopal Church, already has over 10,000 people who put their waste material in the good will bags which are collected regularly. This institution is as yet too young to have developed all of the accessories that it expects to have in the future. Its object is to provide work for the aged, handicapped, physically frail and inefficient. The work provided consists of the repairing and refinishing for a second round of service materials and articles which we ordinarily think of as "waste."

The Salvation Army Industrial Department, with headquarters on the North Side, has always had two sources of supply, human and material waste, and these together with surplus labor form a unity of production from a trinity of waste, that avoids a charge upon the city in more ways than one.

Their workrooms and dormitory tell the story of the times about as well as any market. In fact, both men and markets meet in this kind of work.

There are great seasonal variations in this industrial work. It is to be noted that when few men are unemployed and maximum production prevails, waste commands good prices. On the other hand, when low prices prevail it means greater need for salvage of human waste, and the revenue that can be counted upon to carry the burden of expense is disappointingly small.

An average of four tons of waste daily, besides anything from a flatiron to a piano, find their way into the six wagons that travel into the suburbs and city districts. With the market at bedrock this intake keeps things going, but the value of the effort made to find something for the human derelicts to

do cannot be reckoned in dollars and cents. That this division does carry itself, is indicated in the report of the year just ended showing receipts of \$18,823.60 and disbursements of \$17,-246.63, with \$3,000 stock in hand.

One of the oldest charities in the country, the St. Vincent De Paul Society, started in a falling market four months ago in Pittsburgh, and with but one wagon is meeting the necessary expenses so far. In one of the crowded sections of the "Hill District" a store with about 3,000 square feet of space for sorting and reclaiming waste has been secured and regular employment given to four men. As yet the work has not reached the stage of provision for regular contributors. The publicity and supply comes through announcements in the churches.

#### CITY ALSO IN THE BUSINESS

In addition to this philanthropic effort it is interesting to note that the city pays, by yearly contract, \$9.22 a ton for the collection of rubbish and waste. Approximately 100 wagons collect on an average of 225 tons a day. This, of course, does not include garbage. Most anyone in Pittsburgh will agree that there is still an opportunity for expansion in this line of business. There are still a few hundred tons a day to be reclaimed and made an asset in one form or another for the city. It all resolves itself into the necessity for an industrial campaign that should be stressed through the press, the churches and civic organizations until the public learns that what we call waste is valuable; that it means the reclamation of human derelicts, the recovery of materials that have not exhausted their usefulness and the promoting of cleanliness and order in our homes and thoroughfares.

# PEARLS AMONG OUR CLIPPINGS

BY RICHARD S. CHILDS

*Wherein you will be dismayed to learn that the Kaiser, George III, Herod and college graduates are assembled as arguments against our Model Charter.*    ::    ::    ::    ::    ::    ::    ::

It is a pleasure to be able to report to the members of the National Municipal League that the League in recent years has not only expanded its service, multiplied its output, paid off its debts and added a thousand members, but has now happily attained the importance of being viewed with alarm! We make editors and orators purple with rage! We get lied about!

This new and practical importance is an incident to our city-manager campaign service. We have our Model City-Manager Charter and the book that explains and defends its details, our popular pocket-size city-manager pamphlet (which local campaigners for the adoption of this plan of government buy at the rate of 10,000 a month for local distribution), our ready-made newspaper material, our technical cross-index of charter facts, our travelling campaigner, Mr. Millard, and our charter draftsman and general expert adviser, Dr. A. R. Hatton, our list of available volunteer speakers, etc. Accordingly most of the campaigns (a new one, on the average, bobs up every week) are fought with our material, the city-manager proponents enter the fray abundantly armed with up-to-date facts and correct arguments,—and the inevitable opposition is inconvenienced. When the opposition gets real peevish, it says things like this about us:

The paramount question for our citizens to decide as regards the city-manager plan is whether they wish to be in the hands of the politicians whom they may name at the primaries

under the present charter and who only handle such money as is voted upon, or in the hands of a national financial corporation such as the National Municipal League, which evidently plans to manipulate the funds of our municipalities in much the same way as is done in the bond issues of big corporations when floated by the banks and banking houses of the United States.

That comes from New Haven. Here is one from Dayton: W. S. Silvey, a manufacturer in Dayton who has organized a couple of paper associations called the Gas Consumers League and the Taxpayers Protective Association, to attack the manager plan, announces:

The National Municipal League is sending representatives around the country to foist city-manager plans on cities. That's because they get 15 per cent of the manager's salary the first year.

ALL DEMAGOGUES AREN'T DEAD YET

The New Haven *Union*, however, thinks the money flows the other way, saying the people would like to know why this charter promoting is directed and financed by gentlemen who maintain headquarters at 261 Broadway, New York? Why do the 261 Broadway promoters carry city managers employed by cities on their own payroll, adding several thousand dollars to the salary paid by the municipality? Why are the city managers thus called upon to serve two masters—also why is this 261 Broadway master so anxious to name and partly pay the experts who come to direct the business which it is assumed that our own people do not know enough to manage themselves?



A Canton advertisement by the Anti-charter Committee describes us less specifically, but in a fashion that exhibits ingenuity and imagination:

The Great Franchise owners and other great Business Interests of the same class, find this a very convenient way to hold and preserve their powers to rob the people. Hence, they are agitating and using various forms of insidious propaganda for the purpose of revolutionizing the Municipal Governments of our Country in order that they can retain their powers to rob the people. They propose the right of Recall of officers, the Initiative and Referendum and even proportional representation in order to befog the minds and deceive the people and keep them from knowing the real purpose of the Charter, which is to centralize the powers of the Municipal Government in the hands of a few of their chosen Representatives. These same people who are back of this Charter and are its chief advocates, have heretofore denounced those who advocated the Recall, the Initiative and Referendum and proportional representation as agitators and enemies of our Government. Why have they so suddenly adopted and become the advocates of these measures if not for a sinister purpose?

An Evansville, Indiana, orator was more insinuating:

Who is behind the New York bureau which is attempting to gain control of every municipality in this country?

We get a little wistful when they speak of our "vast funds," and Mr. Otis, who does a thankless job on a financial shoestring as secretary of the City Managers' Association, must have been positively pained by a certain Indiana reference to his "overflowing treasury!"

#### EMBARRASSING CONTRADICTIONS

A friend in Canton lists the following points that were urged against the charter which was, by the way, our Model Charter in very complete form, adapted by Dr. Hatton: The charter permitted occupational taxes which

could be made exorbitant and, the Socialists alleged, it could be used to exclude from the city any man bearing a union card. Arthur Rinto, an ex-councilman of Ashtabula under proportional representation, was brought to Canton and claimed he once supported this electoral device, but now opposed it because it allowed minorities to be represented and was therefore un-American. At the end of his address he read a letter from a manufacturer of Coshocton, Ohio, who stated the manager charter was defeated there because it was only desired by Socialists—a point that caused some confusion because the next speaker on the anti-charter program at this meeting was a Socialist leader from Dayton.

#### THE KAISER AND GEORGE III

In New Haven, the League of Women Voters, everywhere a most helpful ally in these fights, listed these curios collected from the opposition fib-factory.

Is it possible that under the name of "politics" a group of people are permitted to deliberately stir up class consciousness and antagonism? We refer to the "silk stocking" argument of those opposed to the new charter.

Also that they deliberately attempt to set race against race, and religious sect against religious sect? It is known among other things that colored men and women have been told that the city manager is to be a southerner, and that they should therefore fight it, and they have been sent to carry this message from house to house.

Then there is the attempt to collect on the anti-German feeling both through the argument that the plan originated there and that the Kaiser or the Crown Prince would probably be chosen as the city manager.

This last point is perhaps the commonest one we meet.

In Fort Dodge, a committee for democratic government distributed cards that expressed the idea thus: "Do you want a one-man Government?"

The Boys went to Europe to fight against it. Shall we now establish it here in Fort Dodge?"

Of course, the possibility of an out-of-town manager shocks politicians, but the point is used so little that one suspects that it is a hot poker. The *Canton Guardians of Liberty*, under the heading "*Autocracy vs. Constitution*," shuddered out the words:

These appointees of the council and manager may be imported from Cuba or Jamaica. This brands and stigmatizes the voters of Canton as being incompetent and unfit to exercise the right of franchise.

An Evansville, Indiana, patriot described the manager as a "foreign nabob." "George III was a city manager once," he said, "and we revolted." Another in the same town enlarged on this tidbit saying

This plan is as old as history. Herod was city manager in Bible times. Nero was city manager in Rome. Robespierre was city manager in Paris during the reign of terror. Trotsky is city manager in Moscow to-day and they want to push off on us one Gaylord Cummin.

The same perfumed genius thus described how the plan came to town:

The city-manager plan is a political nightmare that was kicked out of Kalamazoo, Hot Springs and half dozen other cities. It was picked up by a stray cat from Republican headquarters, A. V. Burch, and hid in the sewer under the Evansville Press, and there it remained until the stench spread all over Indiana.

Divine wrath is invoked upon our cause by one Clell Maple of Muncie who writes the *Press*:

I am one who believes that the federal form of government was instilled into our forefathers when they landed the Mayflower at Plymouth Rock by the God of Heaven, and from that day He meant for it to be perpetual.

But the most awful prediction of all is from New Haven, where in the nick of time it was discovered that:

Under the present form of government promotions in the fire and police departments are made from the men already in the service, but if the city-manager plan is adopted anyone can take the examinations for any position in either department, and may be appointed if he attains a high enough rating. *College graduates* may be found taking the examinations for sergeancy or captaincies in the police department if the city-manager plan is adopted.

Horrors!



# TEXAS' SACRED HOMESTEAD LAW

## HOW IT HOG-TIES MUNICIPAL DEVELOPMENT

BY TOM FINTY, JR.

*Editor, The Journal, Dallas, Texas*

*This homestead law, dating back to the old Republic of Texas, should have a prominent place in some historical museum.    ::    ::    ::*

IN its provisions relating to cities, the present constitution of Texas is worse than antiquated. It bristles with limitations that hog-tie the cities of to-day. At the time this constitution was written, 1875, Galveston was the largest city in the state, with fewer than 15,000 inhabitants; San Antonio was a little smaller, Houston still smaller, and Dallas was too small to be separately enumerated. Plainly, the limitations on cities written in 1875 do not fit to-day. They are worse than antiquated, because there were no such limitations in the constitutions of Texas anterior to 1875. Indeed, in these earlier constitutions there is no reference whatever to cities, except for the declaration that the city of Austin shall be the seat of government.

The limitations were written because of fears. Throughout the period of carpetbag government there had been a riot of extravagance and waste. The framers of the constitution of 1875 were fearful that the carpetbaggers might again obtain control. Against that contingency they wrote many limitations. Their idea was to hog-tie the carpetbaggers if they resumed control. The effect has been to hog-tie the people in many ways, especially in the development and operation of cities. The provisions of the constitution that relate to cities have undergone little change in the forty-six years since they

were written. None of the changes has been helpful to the larger cities.

### HOME RULE MUCH RESTRICTED

In 1912 the home rule amendment was adopted. It is homerule, however, to limitations which the legislature may desire to impose. You will observe that none of the strings binding the major cities was loosed. They are still hampered both by constitutional and statutory limitations written in a time of stress and fear.

For example, the constitution limits the rate of taxation in cities of 5,000 or more inhabitants to \$2.50 on the \$100 of assessed valuation. There has been no change in this provision, notwithstanding a raise of 500 per cent made last year in the maximum rate applicable to smaller cities. We are close to the \$2.50 limit in Dallas, and in consequence our municipal development is hampered. City officials talk of obviating the difficulty by raising assessments, a thing that is fraught with danger of producing great inequality. What is needed is to raise this ancient limit or to abolish it altogether. Please bear in mind that it was written at a time when municipal needs were small and when the people had no power to check their officers at the ballot box. There is no longer a need for this lid, nor is there merit in a

low tax rate when vital needs are unsupplied.

#### THE "SACRED" HOMESTEAD LAW

The most serious and antiquated restriction is the celebrated homestead exemption provision of the constitution, often called the "sacred homestead law." It is not sacred. Conspicuous among its many faults is the hampering effect it has on our cities.

The government of the Republic of Texas was the first government in the world to provide for a homestead exemption. Nearly every other state and country in the world copied that law in substance. Every state and country in this world that has a homestead exemption law, in substance has the provision that was written by the congress of the Republic of Texas. There is one exception. It is Texas.

This law, enacted by the Texas congress, simply declared that a homestead consisting of fifty acres of land or a town lot, with improvements not exceeding \$500 in value, should be exempt from forced sale. It left the owners of the homestead free to waive the exemption and to pledge their homestead as security for debt, and this is the rule to-day in every state and country throughout the world except Texas.

Subsequently, the quantum of the homestead exemption in Texas was enlarged by successive acts, but always the owners were left free to waive the exemption, until 1875 when there was written into the constitution a declaration that the homestead should never be subject to forced sale except to pay the purchase price thereof, or for improvements thereon, or for taxes thereon. This invalidated all other liens, voluntary or involuntary.

In the early '90s the cities of Texas were just beginning to make real street

improvements. They assessed a part of the cost against abutting property, upon the theory that such assessments were taxes, as was then and is yet the case everywhere else in the civilized world.

Things went along nicely until the city of Beaumont endeavored to enforce a lien for a sidewalk against the property of a negro woman. In 1895 the supreme court of Texas decided in her favor, holding that such assessment was not a tax, and therefore could not be enforced against a homestead (*Higgins vs. Bordages*, 88 Tex. 458, 31 S. W. 52). *This decision killed very nearly all effort at street improvement for years.* Occasionally, a street was paved wholly out of public funds.

#### A SHOO-FLY AROUND THE WRECK

At length, one of the paving corporations built a shoo-fly around the wreck. It took the view that a street improvement might be considered an improvement on the abutting property, and that a lien given by the owners of a homestead to secure the payment for such improvement might be valid. Accordingly, in the last fifteen years street-paving operations have gone forward on that basis.

It is an unsatisfactory and unduly expensive plan. There is yet some doubt as to the validity of these liens. Prices must be loaded against the contingency. The expenses of promotion are great. It is necessary to send high-priced men around to induce all the property owners to consent to paving the streets, and then to get each of these owners to execute a mortgage. The price must be loaded to cover this expense. Still worse is the fact that many homestead owners will not sign up. In consequence, we have skips in the pavements, or the non-signers ride free at the expense of other prop-



erty owners, or at the expense of the city government. Upon the whole, the process of getting streets paved is slow and painful, and the cost of the work is much higher than in states that are not handicapped.

Following this decision of the supreme court, efforts were made to get the legislature to submit an amendment to the homestead provision of the constitution, so as to declare that an assessment for street improvements would constitute a valid lien. But the legislature refused to "tamper with the sacred homestead law." In 1907 the Hon. Thomas B. Love conceived the idea of reaching the end in view without touching the homestead law. He got the legislature to submit an amendment to the tax article of the constitution declaring in effect that an assessment for street improvement is a tax. This amendment was rejected at an election, because the people of the cities didn't go to the trouble of selling the idea to the farmers.

Subsequently there has been much

talk of resubmitting this amendment, but there has been neglect to present the proposal to the legislature at an appropriate time. I believe that an amendment ought to be submitted to add an entirely new section to the constitution authorizing special assessments against property benefited by public improvements.

If this amendment shall be adopted, then when a street needs to be paved, the city government can proceed at once to order the work done, and the work will be done. Every city ought to provide a revolving street improvement fund and pay the contractors spot cash for every job. The city ought to assess the entire cost against the property owners, and, when they have paid, it should put the money back in the revolving fund. Under such a plan as this, we would get pavements laid at the lowest possible cost, and our dream of having completely paved cities would be realized; the cities of Texas would be taken out of the mud.

## COUNTY GOVERNMENT IN NORTH CAROLINA

BY E. C. BRANSON

*University of North Carolina*

*North Carolina is famous for its pioneer work in the improvement of country life and government, but the county is still a big problem. And it's the same elsewhere.* :: :: :: :: ::

COUNTY government is a big affair in the United States. The year before the World War began it amounted to \$385,000,000, or about a third as much as the total expenses of the federal government.

And yet the average citizen knows little or nothing about county finances, about the tax list and the amazing in-

equities and delinquencies it discloses everywhere; about what county revenues are spent for, and whether they are spent wisely or unwisely, effectively or wastefully.

The annual county balance sheets required by law and given to the public in the county papers year by year in North Carolina are commonly unbusi-

nesslike and meaningless. Frequently, the county financial exhibits are not published at all, as in some twenty counties of the state in 1916.

#### ANNUAL BALANCE SHEETS

Nobody knows how the county stands—not even the county commissioners, in many instances. Usually there is no exhibit under classified headings, and so nobody can tell exactly how much is spent for this or that purpose—say on paupers, the total number or the per capita cost; or on roads, the miles built, the average cost per mile of the different kinds of roads, the per capita daily cost of convicts, work animals and the like, and the share of the various townships in the expenditure for roads and bridges during the year.

The newspaper reports of accounts audited by the commissioners from time to time are full of typographical errors. Besides, they are a meaningless jumble of dates, names, and amounts that defy classification. We know, because for six years we have been trying to ascertain from these data how the tax moneys of one county are applied to the various departments of county welfare.

And, by the way, during these six years the commissioners of this county have given to the taxpayers no complete and detailed statement of county finances.

In another county only one annual county exhibit has been given to the public in twenty years. In other counties the taxpayers have had to get special audits by applying to the courts. And so on and on.

#### UNDIRECTED DEMOCRACY

North Carolina has no manual of instruction for county officers, as in a

half dozen other states; no standardized forms of statement to indicate how county reports should be prepared and what they should contain; no uniformity in accounting, and no state-wide audit system, as in Indiana and Ohio, and less effectively in twenty other states.

Government of the people, by the people, for the people in the counties of the United States is now a half-billion-dollar affair—in North Carolina something like an eight-million-dollar matter, and it needs intelligent oversight and direction in order to avoid huge waste.

#### HONEST AND INEFFICIENT

Our county officers are good men and true. As a rule they are honest beyond all question; but are they also trained men of affairs, competent to manage the biggest single business in most of the counties of the country at large?

Wherever the business end of county affairs has come under strict review and pitiless publicity, amazing inefficiencies are disclosed. For instance, Alameda County, California, saved \$810,000 in one department in four years by a searching investigation of county business. In Indiana, since 1909, county officers have returned to the county treasuries the greater part of \$1,600,000 improperly paid them.

In Lee County, North Carolina, says the *Sanford Express*, the sheriffs from 1912 to 1916 received nearly \$1,600 more than the law allowed for the collection of taxes—doubtless quite innocently. Orange County, for a half year or so, supported two sheriffs—one on salary account and the other on a fee basis as tax collector. In Brunswick, the county farm in 1915 supported the county home and produced a small balance for the county treasurer. In 1914 the average acreage of the county



homes in North Carolina was 150 acres, but an average of only 40 acres was in use, and the average net cost to the counties was around a thousand dollars each—some \$95,000 all told.

#### COMMON COUNTY EXHIBITS

The law in North Carolina calls for an exhibit of county finances in every county each year. In eighty counties last year these exhibits were given to the public in the county papers, in a few instances in pamphlet form.

Frequently, thenews papers carried these statements piecemeal. Instead of giving the entire exhibit in one issue of the paper, a half dozen issues or so carried the story of county finances. To get the whole report it was necessary to clip from week to week, file away carefully, and finally to assemble all parts for study—a tax upon attention that the average citizen is not equal to. That kind of thing makes the most alert taxpayer throw up his hands and quit. It is a capital way of befuddling the public mind. Commonly the typesetting and proof reading, or lack of proof reading, sprinkles the columns so thick with all sorts of errors as to make the whole thing useless for any purpose whatsoever.

In fewer than a dozen counties was there any proper assembling of county assets, county indebtedness, county receipts, and county expenditures for the various purposes of public welfare. The report of the county superintendent of schools is the only exhibit that approaches the necessary form, and sometimes the report on roads and bridges. Otherwise, the exhibit is usually unbusinesslike, and it passes understanding.

No wonder a country editor was moved to say the other day, "The annual county statement in my county is so absurd that I always feel like I'm robbing the county when I render a bill

for printing it." But the money of the taxpayers will be wasted in this way for many years to come unless intelligent citizenship demands a businesslike annual statement of county finances.

#### A WORTH-WHILE EXHIBIT

We happen to have at hand a hundred copies or so of what strikes us as being a really worth-while kind of Financial Exhibit by a board of county commissioners. It is in booklet form, 3½ by 6 inches, and it is mailed out yearly to every taxpayer in the county. The reader can stick it in his coat pocket and chew on it at his leisure in any sort of odd moment.

It is so compact and simple that a wayfaring man though a fool can read it as he runs and get some sense out of it about the money affairs of his county.

He can see the receipts in detail and in toto. Under proper headings he finds just how much was spent for various purposes, to whom money was paid and what for down to the last cent—the total expenses of courts, juries, paupers, care and feed of prisoners, bridges, road building and repairs by townships, equipments and materials, interest, treasurer's commissions and so on and on.

It shows the miles of highway built, the average cost per mile, and the per capita daily cost of work-animals, convict labor, and hired labor. It shows at a glance what the bonded and floating indebtedness of the county is, and what the various expenditures have been, all under classified headings.

#### UNIFORM COUNTY ACCOUNTING

In an exhibit of this sort the taxpayer has a chance to see where his county stands in its finances. And since the same forms of accounting are

used year by year, he knows whether the commissioners are doing better or worse than former commissioners.

It is easy to see that if every county in a state were using the same form of annual exhibit, this or some other, the taxpayers would soon begin to know what counties were using public money to the best advantage, and what counties were wasting public funds.

As it is, there is no basis for comparison. In one county convicts engaged in road work cost \$1.13 a day, in another 95 cents, in another \$1.73. But we just stumble on these differences here and there; no published state report enables us to compare any county with every other in the details of county expense.

County bookkeeping ought to be uniform, and then the people might know in every county whether or not their commissioners were getting results or getting left.

But in North Carolina at present nobody is in any position to say whether or not the people are getting proper results from the million dollars a year the counties are spending on roads, or from the expenditures for any other county purpose.

We will send this little county booklet to anybody that wants it. Drop us a card. It is worth looking at closely.

#### LACK OF UNITY AND HEADSHIP

County government in North Carolina, such as it is, demonstrates the consequences of the lack of unity and responsible headship in county affairs.

The various county officials are

elected by the same constituencies in each county. They stand upon a parity; each official, therefore, feels quite independent of all the other county officers; each department is separate and distinct; each conducts its business according to immemorial custom, quite regardless of law; each keeps a cash book account or not, just as it pleases. As a consequence, there is no county government in North Carolina that coheres as in an organic whole. As a matter of fact, the most apparent thing is incoherency and lack of unity.

The state, properly enough, defines county officerships, rights, duties, privileges, and so on; but the state exercises no supervision over county affairs, except over state taxes collected and transmitted by county authorities to the state treasury. The result is a minimum of state oversight in county affairs. We have, therefore, confusion worse confounded in county matters in North Carolina, which being translated means confounded confusion.

We are never likely to have unified county government unless we can have responsible headship in county affairs. A city has a mayor, but no county in North Carolina has any official to serve the county as a mayor serves a city. In some way county government must be unified under directive executive headship—under the county commissioners acting through a chairman as the designated head of county affairs, or under the county-manager plan, which works in city government and doubtless can be made to work in county government.



# CHICAGO POLITICS—PRESENT AND FUTURE

BY VICTOR S. YARROS

*Hull House, Chicago*

*Chicago is making political history these days. Wherein lies the strength of the machine and the weakness of the opposition? Read the article and find out.*    ::    ::    ::    ::    ::    ::    ::    ::

A FEW short months ago the surrender of Chicago's city council and electorate to the Thompson-Lundin machine seemed complete. Council-government had ceased to exist. Outside opposition to the machine had been reduced to impotence. Apparently neither the conservative business elements which hated the machine for its waste and demagoguery, nor the sincere and progressive groups which hated it for its dishonesty, hypocrisy and greed, was able to make much headway against it. The popularity of the mayor, the nominal head of the machine, was extraordinary. It was privately said by experienced observers that Thompson could not possibly be beaten in the primaries of his own party, and that if he should care to run for a third term in 1923 he would have every reason to expect an easy victory. A competent local student of civic affairs wrote at that time in a scientific review that "anything Mayor Thompson really wants, he is extremely likely to get."

## THE MACHINE'S RECENT REVERSE

But since June 6 the Chicago political and civic situation has changed considerably. The mayor and his machine have been defeated twice, and defeated rather badly. Many are

confidently saying, "It's the beginning of the end of Thompsonism." This opinion is rather superficial, yet it is significant. The machine is no longer all-powerful. The popularity of its head is on the wane. In the city council new accents are heard—accents of independence and fresh courage. There is a perceptible tendency to revive council-government, as contemplated by the law, and form a non-partisan anti-machine bloc.

What has happened and what has brought about the somewhat improved situation? On June 6, the voters of Chicago elected a coalition or non-partisan judicial ticket and defeated the entire Thompson slate, which called itself Republican. That election amounted to a little civic revolt. The Thompson machine had defied public sentiment, had refused nominations to able and competent sitting judges whom it had found a trifle too independent and too straightforward to suit its purposes, and had nominated a factional ticket that was composed mostly of machine cogs, tools, apprentices and nonentities, a ticket so absurd as to cause the community, and especially the local bar associations and civic bodies, to gasp and stare in amazement. Its impudence was in truth colossal. The issue raised by the machine was so plain that misrepresen-

tation, falsehood and cant—its stocks in trade—made no impression. "Save the courts" became the slogan of the anti-machine Republicans, of the Democrats and the independents.

Election day, despite fraud and trickery by agents of the machine, registered a verdict that stunned it. It had overreached itself. It had attempted to annex the judiciary and had been repulsed. Its few strong candidates shared the fate of their obscure and preposterous associates on the egregious ticket.

#### THE LEGISLATURE BALKS

The state legislature was in session just then, and engaged in studying several bills sponsored and wanted by the Thompson-Lundin machine, particularly the so-called Thompson People's Ownership Five-Cent Fare Traction bill. The result of the Chicago judicial contest and election made itself felt instantly at the state capitol. The machine's pet bills were re-examined and discussed with some candor and intelligence. The "downstate" members, hostile in principle to municipal ownership, and not greatly enamored either of the referendum or of home rule, first emasculated the traction bill and then killed it. And they did this in spite of the governor's pleas and protests in behalf of the measure, and in spite of patronage deals and bargains so effectively used by spoils-men.

However, the fight is by no means over. The machine has not capitulated or disarmed. It has lost two battles, but not the campaign. It is necessary to take stock and soberly consider the relative positions of the machine and its foes. What are the present chances of the machine? What armaments and ammunition has it at its disposal? Can it recover its popularity because of

the questions it is exploiting and the alluring promises it has made and continues to make?

#### MACHINE'S PLATFORM HAS POPULAR APPEAL

There is little difference of opinion among upright and forward-looking Chicagoans as to the main sources of the machine's prestige and strength during the last three years. The cohesive power of spoils and plunder has counted for something, but not for much. Mayor Thompson and his satellites, as well as the invisible directors of the city hall machine, have espoused and fought for these three important, "simple," and popular reforms:

1. Municipal ownership and operation, at the earliest opportunity, of Chicago's street car lines.

2. Fair and reasonable rates or charges for the services performed by those public utilities that cannot be "municipalized" in the near future, if at all, owing to perpetual franchises, financial difficulties, or other obstacles.

3. Strict enforcement, against "rich" tax-dodgers, of the revenue and tax laws of Illinois, with such revision of the statutes as shall effectually punish, preferably by imprisonment in the county jail, those who refuse or fail to file accurate and complete tax schedules.

It is wonderfully easy for the more adroit demagogues of the machine to represent every one of its detractors and foes as a tool of the crooked public utility corporation and an apologist for wealthy and unregenerate tax-dodgers. What, it is asked with an air of innocence, is there in the Thompson platform to which any decent citizen can rationally take exception, and how can there be any honest opposition to that "simple" platform?



## NO CLEAR-CUT OPPOSITION

The unfortunate feature of the Chicago situation is the lack of a clear, definite alignment in respect of the issues raised by the mayor and his more astute supporters.

On the question of municipalization of street railroads, for example, opinions diverge widely among the opponents of the machine. Some of them are, and have been for years, earnest advocates of public ownership of public utilities. Others believe in some form of "trustee management" and "service at cost." Still others believe in a modified "Plumb plan" applied to local utilities. Finally, the generality of business and professional men adhere to "controlled private ownership and operation." The Chicago electorate has voted for municipal acquisition and operation of the street car system and will vote again to the same effect at the first opportunity. If Thompson really favors public ownership and intends to fight for it, and not merely to manufacture political ammunition and shift responsibility for secretly desired failure on the courts, or the state legislature, or both, it is morally certain that he will win; at any rate, so far as the principle is concerned. Whether his particular traction scheme is sound and can be financed, is another question, of course, that need not be discussed here.

With reference to the rates and charges of the utility companies, no theoretical issue is presented. Who does *not* favor fair and reasonable rates? The question in a particular case is whether given, or proposed, rates *are* reasonable. How are questions of that kind to be determined? Mayor Thompson professes to believe in "home rule"—that is, in local instead of state regulation and control of utilities. But what sort of regulation would the

Thompson machine, or any machine fashioned after its image, actually provide? Would it be scientific, or "political"? Would rates and charges be fixed in the light of honest investigations, or would they be fixed arbitrarily, to carry elections, only to strike snags in the courts? Would machine regulation give the public reasonable rates, or would it give the public costly lawsuits, injunctions, receiverships?

Finally, as regards tax-dodging. The Thompson discovery of tax-dodging is Pickwickian. Illinois adheres to the antiquated and unenforceable general property tax. Intangible personalty, naturally, escapes taxation wherever successful evasion is possible. Enlightened men have for years, or even decades, advocated constitutional amendments permitting proper classification of property for taxation, varying rates, wise exemptions and even complete modern substitutes—like the income tax—for the general property tax. Thompson and his followers either do not understand the tax problem, or do not care to deal fairly with it. Their remedy for tax-dodging is "teeth in the taxation and assessment laws," or "sending rich tax-dodgers to jail." This talk is absurd and puerile. No one fit to have an opinion on the subject takes it seriously. But—it serves the machine's political purposes. Denunciations of *rich* tax-dodgers sound well. You can inflame miscellaneous audiences by them, especially if you are very careful to suppress the notorious fact that tax-dodging is not a monopoly of the rich. In Illinois the average "poor" person also dodges taxes on intangible personalty. Savings banks depositors are not rich, as a rule, yet they fail to schedule their deposits. If they were to schedule such deposits, the whole return on them (3 per cent) would be taken by the state in taxes. This is confiscation, not taxa-

tion, and no one will submit to confiscation. Thompson prefers appeals to prejudice and suspicion to rational discussion of the real revenue problem of Illinois, for intelligent, high-minded discussion of taxation does not tend to strengthen spoils machines or enhance the popularity of ambitious bosses. However, he will get nowhere in his tax crusade.

Not so with municipal ownership of the surface street railroads or with home rule in public utility regulation.

If he continues to fight for these things, no amount of merely reactionary and conservative opposition will defeat him. It behooves the genuinely progressive forces of Chicago to propose and push sound, constructive alternatives to his policies. If Chicago is not allowed to get municipal ownership of street railroads, or home rule in utilities regulation, in the "right way," she will get these desiderata in the wrong way—that is, in a way that spells waste, spoils, profligate finance, increased taxation. Tens of thousands of Chicago voters want progressive legislation, but cannot distinguish the real from the spurious article. These will indorse the Thompson plans, crude and dangerous as they may be, in the belief that there is no meritorious alternative to them.

#### REFORMERS MUST TOLERATE EACH OTHER

Yet there is a way to beat and destroy the Thompson machine. That way requires a little civic courage and a little intellectual honesty and foresight. It requires some sacrifice of pride and egotism.

In the first place, the heterogeneous opposition to the machine must agree to differ tolerantly on certain contentious and burning questions—such as municipal ownership, the systematic

use of the referendum, and the like. In the second place, the conservative elements of the opposition must face the fact that a purely negative and obstructive policy with regard to local transportation will not answer the requirements of the situation. A sound, constructive alternative to municipalization of the traction lines will have to be worked out and proposed to the public. In the third place, effective steps must be taken to unite the anti-machine forces on a good-government platform of solid and substantial proportions.

There are such questions as simple honesty in administration, earnest regard for the interest of taxpayers, strict application of the merit principle, fit appointments to office, impartial enforcement of law. There are such questions as child welfare, police integrity, efficient administration of institutions ministering to the needs of the poor and the sick, rigorous and fearless inspection of industries and establishments that require such inspection, suppression of commercialized vice.

In short, there is the general issue of good government and efficient and economical administration. Thompsonism is subversive of good government in a hundred different ways; and the friends of good government, if they are in earnest, should be able to make common cause and successfully appeal to the public on the strength of it.

But the issue of good government must be *dramatized*, translated into concrete, moving human terms. Too often the phrase "good government" conveys no significant meaning to organized labor, or to the generality of the citizenry. To some it means glorified bookkeeping, or the saving of trivial sums by honest but unimaginative and unprogressive officials who neither know how, nor care to, save enormous



sums to the public—sums appropriated by grafters and extortionists of the more respectable sort.

#### A PROGRESSIVE PROGRAM

Chicago has had for some time a fairly attractive and elaborate reform program, but only a few civic organizations have appreciated its significance or patiently worked for it in city and state. This program comprises: non-partisan nomination and election of the mayor; shortening of the ballot; the adoption of the Australian ballot in its integrity; the establishment of an efficiency division in the civil service system; scientific budget making; home rule in various directions, including public utilities regulation; thoroughgoing revision of the revenue laws of the state; modernization of the tax system; simplification and rationalization of judicial procedure and practice.

An excellent program, assuredly, as far as it goes. The intelligent voters of Chicago would certainly favor it were it properly presented to them. They have, despite machine opposition, voted for several desirable changes in the last few years. They voted for non-partisan nomination and election of aldermen. They voted for a smaller and more responsible city council. They voted for city planning and for costly improvements designed to make

Chicago more attractive and healthy. There is no reason to think that the Chicago electorate is either reactionary or stupid. Issues have been confused, and counsel has been darkened. Civic reformers have been divided against themselves and have lacked courage and initiative. The spoils machine has known how to profit by the weakness and disunion of its opponents. It has known how to capitalize just discontent besides exploiting every prejudice and suspicion.

The outlook for genuine reform is not bright, but to take a sober view of the situation, and to understand the factors and circumstances that conspired to bring it about, is half to solve the difficult problem that faces Chicago and to pave the way for unity and co-operation on democratic lines, and for effective opposition to the spoils machine, a machine that has stolen the livery of municipal progress and blocked advance for a time while professing to stand for all that makes for civic righteousness. If the progressive forces of Chicago can command the wisdom and the good will which the situation demands, they have the opportunity, not only to regain control, but to force the spoils machine itself to serve the cause of the people while it lasts—to “deliver” something after all the extravagant and glowing promises it has made.

# DEADLOCK IN PUBLIC UTILITY REGULATION

## I. COLLAPSE OF CREDIT

BY JOHN BAUER, PH.D.

*Public Utility Consultant, New York City*

*Falling prices raise serious questions regarding public utilities. If private operation is to survive, broad changes in methods of public regulation must be made. These will be discussed in a series of four articles by a man who has served as teacher, governmental adviser and professional consultant.*    ::    ::    ::    ::    ::

REGULATION of street railways, electric light and power companies and other public utilities was welcomed fifteen or twenty years ago with great enthusiasm as the solution of the problem which had become increasingly pressing and difficult. These utilities had developed rapidly and had become essential factors in modern life, especially in large industrial communities, before their difference from ordinary industries was understood. Experience proved that they were natural monopolies, not subject to the law of competition which controls in ordinary business. Because of the essential character of their service and the fact that they are natural monopolies, regulation for the public interest became necessary, both as to the reasonable price or rates charged to consumers, and as to the quality and conditions of service.

### DISCONTENT WITH REGULATION

During recent years, however, a great deal of discontent has appeared over the results of regulation. This has come not only from the public which has not received the benefits expected, but also from qualified students and experts in

close contact with the actual work of regulation. The writer feels that much of the dissatisfaction is justified, and that the methods of regulation should be radically revised. He has prepared a series of four articles for the NATIONAL MUNICIPAL REVIEW, in which he will set forth the chief criticism of the principles and methods followed by the commissions, and will outline the fundamental changes that must be made if the public utilities shall continue in the form of private corporations.

The chief criticisms against regulation is that it has resulted in the gradual destruction of credit of the operating companies, so that they have had progressively more difficulty in obtaining funds for additions to plant and equipment for the improvement and necessary extension of service. The provision of adequate service is as important a requirement as are fair rates. The commissions should have carried out the two purposes of regulation in a single policy. In fixing rates, they should have had full regard to maintaining the credit of the companies, so that funds could at all times have been obtained for all necessary capital purposes.

No extensive statistical evidence is



needed to show that in general the credit of the companies has gradually declined, that they have had increasing difficulty in raising funds. At the present time practically no utility stocks can be issued for capital purposes; also, most of the bonds are excluded or are issued at ruinous interest and discount, and even the best have to pay a much higher rate of return than should be necessary for obligations that rest upon essential public requirements.

Public utility securities, we may assume without question, should offer the safest and most attractive investments next to government and municipal bonds. They rest upon essential service for which there is a constant and increasing demand, with practically no decline even in periods of business depression. They are subject, therefore, to much less uncertainty or risk, so far as volume of business is concerned, than any other class of corporate securities. Under proper financial management and control, public utility bonds should be practically free from all risk, and even capital stock should have its dividends essentially assured. The payment of interest and dividends, also the principal of the bonds, should be practically certain, even if not guaranteed by the municipalities; then the securities would have the high investment standing which they deserve and new issues could be marketed for capital purposes at the most favorable rate of return.

Credit is the ability of a company to obtain new capital, and it depends entirely on the certainty or risk involved in the payment of the return on the capital. If there is practically no risk, credit is high and funds can be acquired at a very low rate of return; but if there is great risk, credit is correspondingly low, and a high rate of return must be paid for new capital, if

it can be had at all. It is certainty of interest and dividend payments which measures the credit of a company and establishes the investment standing of the securities.

#### REGULATION HAS IMPAIRED CREDIT

The poor credit of public utilities is due in part to improper financial organization and management antedating public regulation, but chiefly to the failure of regulation to consider properly the requirements of credit and to proceed to establish it. The commissions, to be sure, inherited extensive overcapitalization and excessive fixed charges, which even then had resulted in poor credit and stood in the way of improving it through ordinary financial methods. This has been a fundamental difficulty, but not an insuperable one, if the commissions had made serious efforts to meet it. While they have not had the power to deal adequately with the prior overcapitalization and excessive fixed charges resting upon the properties, they have not squarely faced the problem, have not worked it out, have not placed the situation clearly before the legislatures, and have not sought adequate power to clear up the difficulty and to place the utilities upon sound financial foundations. They have not understood the problem and have made no serious effort to solve it. They have disregarded it, and through this neglect have greatly impaired the work of regulation in every direction.

But even where there had not been prior overcapitalization the commissions have not based their policies and methods of rate regulation upon fundamental requirements for the maintenance of credit. They should have allowed as the basis of rates not only operating expenses and taxes plus a so-called "fair return" upon the property,

but a substantial margin above for reinvestment in additions and improvements. In ordinary business where there is no legal restriction upon rates or prices charged for the product, credit is firmly established only if the earnings of a company exceed regularly the interest and dividend requirements of the securities outstanding. The stocks and bonds can be maintained on a firm investment basis only if the net earnings substantially exceed the fixed charges, and if the surplus is reinvested in the business.

#### IMPROVEMENTS NOT FINANCED FROM EARNINGS

The chief source of new capital are the net earnings of a business. The properties of corporations, as well as of private individuals, are built up to a large extent out of surplus. This is well illustrated by the United States Steel Corporation, which during the period from its organization in 1901 to December 31, 1919, accumulated a surplus invested in property amounting to about \$500,000,000. Besides, however, it amortized out of income large sums which might justifiably have continued in capital account, also made large reservations for depreciation, sinking funds and contingencies apparently far beyond conservative requirements. It has built up its properties to a large extent out of earnings instead of new security issues.

The United States Steel Corporation simply illustrates sound methods of corporation finance. The same policy prevails in all successful private business, with firmly established credit, whether corporate or individual. Ordinary improvements are largely financed out of earnings, and in no other way can credit be created and maintained. No fixed formula exists to

determine the proportion by which the growth of business should be met out of earnings. Conservatively, however, a company should regularly reinvest out of income an amount equal to the dividends on the capital stock, and the dividend payments should not exceed the interest on bonds and other obligations. This means that the annually reinvested surplus, under sound financial policy, should be equal approximately to half of the return annually paid out to investors for the use of their capital in the business. With such a policy, credit is firmly established and maintained.

Turning now to public utilities, we find that during the period since commission regulation has become effective, a very small proportion of the growth of business has been financed out of earnings. The returns have been limited practically to a bare interest on invested capital, or on the value of the property, so that even where the companies were not overcapitalized, the net earnings above operating expenses and taxes were consumed by interest and dividend payments, leaving little or no margin for reinvestment to establish and maintain the credit of the companies.

In fixing reasonable rates, the commissions should have allowed, according to sound financial policy underlying credit requirements, net earnings above operating expenses and taxes equal at least to 50 per cent above the so-called "fair return" on investment or the value of the property. The "fair return" should have been available as interest and dividends to the investors, and the excess should have been invested in property for the extension and improvement of service. In this way, the financial needs would have been largely taken care of out of income, and the credit would have been placed



so high that the companies could readily have borrowed any sums required beyond the investment of surplus.

Such a policy would result in financing out of earnings practically all ordinary improvements and growth of business, leaving only extraordinary developments to be paid through the issue of corporate securities. When in any city a system of street railways or electric or gas service, or any utility, has become fully established so that the public is adequately provided with service, there is then no reason why the additions required by normal growth of population should not be paid out of income. If, however, there is extraordinary growth of population, or if the service is comparatively new and is being rapidly developed, or if extensive changes are made because of technical advances, the cost could not reasonably be met through surplus and would require the issue of securities. Such financing was undoubtedly necessary, for example, in the extensive construction of rapid transit facilities in the city of New York in recent years, and in the rapid development of the telephone business. But the bulk of new capital required during the period of commission regulation should have come from surplus, because it represented only ordinary extension and improvement of service.

As a practical formula, an annual increase of capital up to 5 per cent of the existing investment, should reasonably be financed out of earnings. If the requirements exceed 5 per cent, the burden upon income would usually be too great, and the necessary funds should be raised through the issue of securities. With such a policy, the credit of the companies would be so high that their securities could always be readily issued at the most favorable terms in the investment market.

#### SURPLUS EARNINGS MUST BE SEGREGATED

A systematic plan of furnishing ordinary new capital out of earnings would require adequate safeguards so that private investors would not benefit except through the maintenance of credit. The funds thus contributed directly by consumers for the growth of business should naturally be kept distinct from the private investment of security holders; the latter should receive a fair return only on their own investment, not including the surplus furnished by the public for capital purposes. The consumers, of course, should not be expected to pay a return to security holders on their own contribution to capital.

The distinction between investment by security holders and contribution to capital by the public could have been readily made by the commissions, and account of the relative amounts could have been definitely kept. Then, in the fixing of rates, the commissions should have allowed all reasonable operating costs and taxes, plus a fair return on private investment (distributable as rent, interest or dividend payments), plus also a reasonable sum for additions to capital; but not also a return on the investment thus made by the consumers through the payment of rates. The private investors should not obtain an additional return through the special contribution of funds by the public.

Such a systematic policy would have required the commissions to fix definitely the amount of the private investment and to determine exactly the returns to which the security owners were entitled. Then, in fixing rates with changing conditions, the commissions would have had a precise basis in providing a "fair return," and

would have avoided the possibility of allowing more than the investors were entitled to receive. They would have been free from the uncertainty and guesswork which have prevented a convenient adjustment of rates to changing conditions particularly during recent years. They would have had a machinery by which they could have raised or lowered rates according to reasonable business requirements, without affecting the return or payments to private investors.

The requirement of credit is certainty of return to security holders and lenders, and assurance of payment of obligations. But these simple conditions have not prevailed in public utility finance. Except in comparatively few cases, not even the amount of private investment entitled to a return has been approximately established and the obligation of the public determined. Consequently, during the years of low cost, prior to the war, rates could not be reduced to a fair basis, and during the rapidly increasing costs they could not be raised readily to correspond to new conditions. Consequently, even though in given cases the companies received more than a fair return prior to the war, they found themselves rapidly in difficulty to pay fixed charges and lost the credit which they previously had.

We face the same difficulty for the future. Operating expenses in most cases have already declined, and promise to recede to substantially lower levels during the next two years. But the commissions have not cleared away

the uncertainty of the past private investment entitled to a return and, therefore, have not the machinery conveniently to reduce the rates according to declining costs. If, indeed, lower costs do come, the companies will be fighting against decreases in rates exactly as they have been struggling for increases, and the commissions will be unable to act reasonably promptly, because the rights of the companies have not been determined, and there is no machinery by which satisfactory action can be taken.

There will be no difficulty to get all the necessary private capital for public utility improvements, when our methods of regulation provide certainty to lenders or purchasers of securities. But without such certainty, new capital cannot be raised, and adequate and desirable service cannot be furnished. These are simple facts which must be patent to mere tyros in finance. Here is the chief problem which regulation must work out fairly soon, or give up its job. It must establish certainty of return to private investors, and in doing so must provide that a substantial amount of new capital is regularly furnished out of earnings. This is an absolute condition for the re-establishment of credit, to which the consumers can have no serious objection, if they in turn have the certainty that they are not thus enriching the private investors.

It is the uncertainty, the lack of definiteness in regulation, which has destroyed credit and has caused financial deadlock. Can certainty be established, or must regulation be given up because of inevitable unwieldiness?



# MUNICIPAL TAX LIMITS AND ECONOMY

BY H. G. LOEFFLER

*Citizens' Union - New York*

WITHIN the past three years the pressure exerted by American cities to persuade state legislatures to raise or abolish tax limitations has been great. Some twenty states raised their tax limits during 1918 and 1919. Several have raised their limits during the past year. Moreover, in certain others the whole matter was dodged by allowing a special levy for the current year, or else by permitting the floating of long-term bonds to meet deficits incurred as current expenses.

The states imposing tax limits on municipalities divide themselves into four classes: Class A, those that specify a certain tax rate as a limit, either common to all cities or graded for various populations; Class B, those which base the total tax levy of one year on a percentage of the year preceding; Class C, those which bind their municipalities by both the preceding methods or which use one method for certain classes of cities and the other for the remaining classes; Class D, those which impose no limit often having abolished it after finding it unworkable. This classification is based upon general statutory provisions alone. In practically every state special limits, sometimes at variance with the state-wide method, have been set for particular cities.

## STATES SPECIFYING MAXIMUM RATE

Class A comprises thirty states. The specified limit varies from  $\frac{1}{2}$  per cent on assessed valuation in Alabama, Arkansas, Georgia, New Mexico, Utah and West Virginia to 2 per cent in

Michigan, New Jersey, New York and Virginia, and  $3\frac{1}{2}$  per cent in Wisconsin which includes all local units. In Utah the limit for first-class cities is as low as  $\frac{1}{8}$  per cent. Occasionally such items as debt charges and expenses for education are exempt. Eleven states grade the limits in accordance with the population of the cities. Kansas provides limits for various classes of expenditures.

Supposedly these widely varying limits prevent the public officials of the various communities from wasting the public money. There seems to be no single principle governing states which belong to the agricultural group or the industrial group. Neither is there any uniformity among states of about the same taxable wealth.

Of the states included in this group, Ohio, with its so-called "Smith 1 per cent law," seems to be experiencing the greatest difficulties. As far back as 1913 Mr. O. C. Lockhart, at the meeting of the National Tax Association, described the Ohio situation as follows:

Tax limitation has proved utterly ineffective in Ohio as a means of securing full and just returns of all property for taxation under a uniform rule. Although there is ground for thinking that some advocates of the limitation of tax rates and governmental expenditures would welcome a return to a government of fewer functions, Ohio has gone too far, the nation has gone too far, humanity itself has gone too far, ever to get back to a government which is merely a big policeman.

Since that time the gravity of the Ohio situation has increased until Ohio's difficulties have become notorious. They were fully described in an

article in the December, 1920, REVIEW.

In New York state conditions are also bad. The special joint legislative committee on taxation and retrenchment uncovered considerable testimony regarding tax limits. Mayor Buck of Buffalo testified that the tax limit discouraged careful budget preparation, oftentimes caused the issuance of deficiency bonds to finance current expenditures and by increasing the debt decreased the borrowing powers of the cities. In Fulton, New York, a floating debt will have to be carried indefinitely because of the limit. According to Hudson officials, dodging the limit was the only salvation of the cities. In Middletown, where the charter allows an increase in the tax limit by referendum, an election is held regularly. This means expensive charges to authorize expenses above the provision of the tax limit law. Mayor Edgerton of Rochester stated, "The constitutional limitation will not permit us enough money to run Rochester as we have been running it."

The investigation of the committee also showed the evident need for continual revision of tax limits. Three cities presented bills to the 1920 legislature proposing a revision upward of their limitations. All of these measures passed and became law. Some twenty other cities have, or very soon will reach, their limits when a great many more similar bills will, without doubt, be introduced.

In setting up New York city's budget for 1921, tax limit restrictions necessitated a paring down of estimates, and the final decision of the board of estimate consisted in a cut of some \$26,000,000 from the proposed budget of the board of education. The belief evidently was that, in view of certain salary increases for school-teachers passed by the 1920 legislature, the latter would step in and provide this addi-

tional money by a special tax on New York city. As this is what happened, the city officials have succeeded in passing the buck. Any person familiar with New York city's present government knows that tax limits had no effect in forcing more economical expenditure of public moneys. The tax commission of Kansas reports that the state system of tax limits has failed lamentably and has caused much indebtedness.

It would seem that where expenses are seriously crowding possible revenues under the law that there, if at all, the scheme of limitation should function. But the result of the tax limit laws as they have worked out in practice in the states specifically mentioned has surely been contrary to what was hoped. Even in cities where the demands on the municipal activities have not been so great, extreme dissatisfaction has arisen.

#### STATES WITH PERCENTAGE RESTRICTION

Class B comprises those states using a percentage of the previous year's levy as the basis of limitation on the total current levy. They are: Arizona, 110 per cent, excluding schools and debt costs; Colorado, 105 per cent, excluding debt costs, North Dakota, 110 per cent, excluding special levies and debt costs; and Oregon, 106 per cent, excluding debt costs, which may be increased by referendum.

Of the states in this group Oregon has been having the most trouble. The auditor of Portland asserts that the law has a tendency to increase taxes by causing many bond issues, as well as tending to make cities increase levies to the limit each year. The law will probably mean the issuance of some \$727,000 of bonds in Portland for certain costs which should have been met out of the general tax of the past



year. A lawyer for a large Oregon taxpayers' association says that the scheme is too rigid and is bad theory, that it encourages expense, that the people are tempted to vote bond issues, and that the proper solution lies in a correct budget procedure and selection of officials. Even the man who originally pressed the law when it was presented to the Oregon legislature furnished figures showing the marked increase in tax rates in spite of the limitation. He concludes by stating that the constitutional amendment which they had hoped would accomplish so much had been circumvented.

#### INDIANA AND NEBRASKA

Class C comprises those states using a combination of the above methods. They are as follows: Indiana, levy subject to revision of state tax commission after local hearing on petition of ten taxpayers; Nebraska, maximum tax rate in "metropolitan cities"  $3\frac{1}{2}$  per cent, maximum tax levy in cities 40,000-100,000 population \$365,000, maximum tax levy in cities 25,000-40,000 population \$27,000, maximum tax rate in cities 5,000-25,000 population  $1\frac{1}{2}$  per cent, maximum tax rate in second-class cities— $2\frac{1}{2}$  per cent.

The marked inconsistency of the Nebraska law is evident at a glance. It is difficult to explain why a city of 45,000 population should under the law be permitted to expend a budget thirteen times as large as a city of 35,000.

Indiana experience is interesting. In 1919 a law was passed providing for the actual assessment of property on a 100 per cent basis instead of on a 30 per cent to 60 per cent basis. In order to prevent extravagance, this change was accompanied by a provision prohibiting local taxing units from levying more taxes than they had the previous

year except with the permission of the state tax commission. Under this provision, the commission reduced the actual amount of taxes collected some \$11,600,000 below the amount asked for by the various taxing units. The reductions were made by the commission usually after hearings held at Indianapolis. This method of tax limitation produced a violent reaction. The city officials condemned it as "autocratic centralized bureaucracy," and pointed to various bond issues as the result of the refusal of the commission to allow the inclusion of various improvement costs in current budgets. In 1920 the tax limit provision was repealed as a result of the irritation it had produced, but in 1921 it was reenacted in a new form as a result of the increase of tax rates in 1920.

The present law allows any ten petitioners to appeal to the tax commission to revise a local budget and provides that the commission shall then hold a hearing in the community affected and may affirm or decrease the budget as it sees fit. As the tax commission also controls local bond issues, the tax rates of Indiana cities are completely under the administrative control of the state.

#### RESULTS IN CITIES WITHOUT TAX LIMITS

The following states have either never had general tax limit provisions in their statutes or constitutions, or have abandoned them as failures: Connecticut, Delaware, Maine, Massachusetts, New Hampshire and Vermont.

Of all the states in the Union the experience of Massachusetts seems most interesting and instructive. In 1912 a legislative committee was appointed to examine into municipal finances. Investigation soon showed that most of the cities were operating

under tax limits, while none of the towns, many of 10,000 to 30,000 population, had limitations. The actual tax rates were about the same in the smaller cities and in the larger towns. But the debts of the cities had grown by leaps and bounds as a direct result of the effort to escape tax limitation, while the towns had few debts. Study showed that the actual services rendered to the public by the larger towns and the cities were practically the same, and that the towns had a greater proportion of their levies available for current expenses because they were carrying lighter debts. In other words, as a direct result of tax limitations, cities with tax limits were in a worse financial condition than towns of the same size furnishing the same public services and improvements, but without tax limits. On the discovery of this situation, Massachusetts repealed all tax limits throughout the entire state, except for the city of Boston where a limit was maintained for other than fiscal reasons. At the same time a thorough and efficient budget system was installed and the new arrangement has been highly satisfactory.

#### TYPICAL CITIES STUDIED

The evidence above almost invariably leads to the conclusion that a tax limit law with its rigid terms usually succeeds in preventing a rise in the tax rate above a certain point, but on the other hand it causes bonding in a good many cases to cover a portion of the current expenditures. The answer may well be, however, that the opinion of city officials would be prejudiced along the lines they have taken. With this in mind the following charts of city governmental costs covering the period from 1909 to 1918 are presented. They are taken from the report of the New York state legislative

committee on taxation and retrenchment. Ten cities in New York of comparative size and conditions were chosen, of which five had tax limits and five did not have tax limits. The curves in Figure I show the average per capita debt for the two types of cities, while Figure II shows the average per capita expenses of general departments.

The debt chart brings out the claim of the city officials that bonding has resulted from tax limit laws. The curve shows that up to 1915 the rate of debt increase was approximately the same in both classes of cities. After 1915, however, the cities without tax limits show a falling off in their per capita debt in spite of the rising costs of both personal service and materials which occurred between 1915 and 1918. The cities with tax limits show a marked increase during the same period. The per capita debt of the latter shows an increase of 57 per cent in 1918 over 1910, whereas that for the former is but 28 per cent. The actual increase in per capita debt is \$35 for "tax limit cities," and \$19 for the others. These figures show beyond dispute that tax limitation has forced the distribution over a period of years of costs which should have been met currently.

The second chart shows that the average cost of government per capita was about the same for both groups of cities in 1910. Between 1911 and 1912 the gap between the two widened materially to the detriment of the cities with tax limits. Since that time the increase has been about the same. The percentage increase from 1910 to 1918 for per capita governmental expenses in the cities with tax limits was 50 per cent, in those without tax limits, 41 per cent. The actual increase in per capita expenses in the latter case was 79 per cent of that in the former. The rather

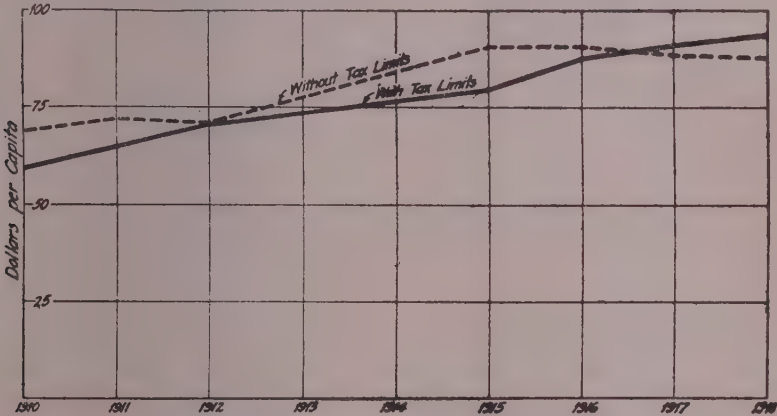


pronounced fluctuation of the "with tax limit" curve would seem to indicate that after pressure has been brought to bear and the maximum rate permissible has been raised, a splurge of spending occurs until the limit is reached. The other curve seems more regular in its increase.

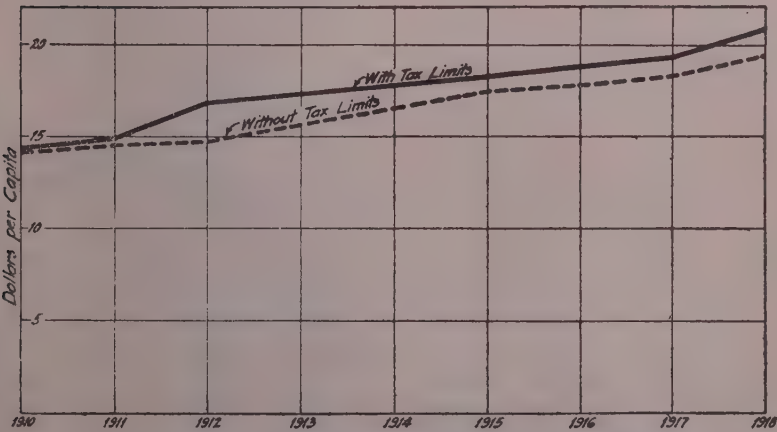
Where limits prevail, one of three things happens. The cities bring pressure to bear until the limit is raised,

or they resort to continued court action until a satisfactory decree is obtained from the judiciary, or they fund the amount needed over future years by bonding. It is certain that the elected officials will do all in their power to satisfy the growing demands of the public. Experience seems to indicate that heretofore they have been successful, laws notwithstanding.

There is only one way out of this



**FIG. I AVERAGE PER CAPITA DEBT**  
of 5 New York Cities with, and 5 without Tax Limits.



**FIG. II AVERAGE PER CAPITA EXPENSES OF GENERAL DEPTS.**  
of 5 New York Cities with, and 5 without Tax Limits.

Note:- Based on U.S. Census Reports

situation after tax limits are abolished. That way lies along the lines of an efficient budget system. Make this system a picture of the services demanded from the government. Center the responsibility for the administration of it in one single elected official. Place on the statute books a bonding act which will not allow the cities to follow an unsound borrowing policy such as is being forced on many of them now by tax limits and special bonding laws.

It is felt that if a process such as this is worked out, limitations of tax levies will be uncalled for. The state laws will not then be productive of vicious bonding. In the budget the public will see the result financially of any new or extended governmental service demanded. If they feel that this new activity is worth the cost, let them so decide. The power will then rest where it should and tax limits will be unnecessary.



# DEPARTMENT OF PUBLICATIONS

## I. BOOK REVIEWS

THE CLEVELAND YEAR BOOK, 1921. By Mildred Chadsey, Editor. The Cleveland Foundation, 1921. Pp. 311.

Surely an informed citizenry is one of the indispensable prerequisites of an effective democracy. The past generation has had a great deal of information fed to it, but much of that information was fairly entitled to the prefix *mis-*.

In the Cleveland Year Book for 1921, published by the Cleveland Foundation, the citizens of that community have a dependable source of information on a wide variety of topics ranging from the arts to public utilities. There should now be no reason for a troubled taxpayer of a conscientious voter in Cleveland to remain in the dark as to the basic facts of a public issue.

The book is divided into chapters headed:

City and County Government.

City Planning, Building and Housing.

Public Utilities.

Public Safety.

Commerce and Industry.

Banking.

Labor.

Education.

Americanization.

Social Work.

Public Health Work.

Recreation and Sport.

The Arts.

Religious Work.

Each of these is prepared by one or more specialists in their respective fields, and full credit is given these contributors.

Naturally, governmental and institutional information takes up a large part of the Year Book. The first chapter, that on the city and county government, is well thought out, gives full information, but does not go into too great detail for the average citizen. Other chapters in the same general field—city planning and housing, public utilities, public safety, etc.—are similarly well treated.

Unlike many local year books, the one under review is not all boast. For instance, in Dr. Haven Emerson's illuminating chapter on public health work the statement is made quite bluntly that "Beyond doubt Cleveland has the poorest

provisions for mental patients to be found in the United States." In the same chapter, also, the author is not guilty of excessive complacency when he says "The facilities for the treatment of gonorrhea and syphilis are as good here as in other cities."

In the chapter on the arts, there is also a tone of conscious humility, but there is an optimism here—perhaps too sanguine—that this middle-western industrial metropolis is "Artistically . . . entering upon the years of its early maturity."

All the chapters are meaty. Space forbids even briefest summary of the contents of the remainder. The book is most attractively and serviceably printed and bound and is of a very convenient size.

It is a pity that such ungrammatical flaws as "much . . . facilities" (p. 239), and "much . . . data" (preface), should have escaped the editor. It would have been better also if the many introductory pages had not been left unnumbered, but had been designated either by Arabic or small Roman numerals. A rather good index—indispensable to a work of this kind—failed to respond to one or two tests, but seemed better than most, nevertheless.

FREDERICK P. GRUENBERG.<sup>1</sup>



A CONSTITUTION FOR THE SOCIALIST COMMONWEALTH OF GREAT BRITAIN. Sidney and Beatrice Webb. London: Longmans, Green & Co., 1920.

This important book is a courageous effort to outline the mechanism of a new world and it is one which the political scientist and earnest student of public affairs cannot afford to neglect. The new state sketched by the distinguished authors is state socialism and not guild socialism, but it is decentralized state socialism with divided sovereignty. It is state socialism which has profited somewhat by the criticisms of the guild socialists as well as by the attacks of the pluralists on the unitary sovereign state. The authors do not believe that the state, as organized at present, is equal to the task before it.

<sup>1</sup> Bureau of Municipal Research, Philadelphia.

The old trust in a simple governmental structure based on political equality and universal suffrage is gone.

Most reformers think in pictures; their views are impressionistic; they rarely have the inclination or patience to bother with the practical means by which their new world is to be administered. But anyone who has had anything to do with administration realizes the terrific problems involved, and it is for such that the authors have written. They intend to construct a political mechanism that will work.

To begin with, the present system of government has broken down. It does not correspond to the work it has to do. Government is congested by a multitude of duties which it tries to perform through an organization developed long ago to perform merely the primary functions, such as justice and police. Authority organized primarily to maintain order, or for defense against foreign aggression, assumes a highly disciplined hierarchical form which, as government extends control to industrial and social conditions, infringes upon the liberty of the individual.

The new government conceived by the Webbs will be a very complex affair. Public issues, they say, are too many and confusing to enable the voter to form a simple decision by a single act, or to be represented properly by a single representative. Their socialist commonwealth does not imply the "nationalization" of everything. Perhaps it will never be necessary to nationalize or centralize more than a half a dozen leading industries. Of course, instruments of production will not be owned by individuals for private profit. Local government or organized co-operative societies will control the non-nationalized industries for social ends. The success of the co-operative movement and municipal trading, as well as the accomplishments of labor unions as organized producers, leads the Webbs to believe that the bulk of industrial activities will be in their hands.

There are to be two parliaments in the socialist state, a political parliament and a social parliament. The first will deal with foreign affairs,

justice, police, et cetera. The latter will deal with the social and economic activities of the nation. Both will possess a cabinet of ministers having collective responsibility. Both will be elected by popular suffrage from geographical districts, for the Webbs are not attracted by group representation. Conflict of jurisdictions will be settled by vote of the two parliaments in joint session.

It is not expected that the social parliament will administer industry, because the function of control is sharply differentiated from administration. Each national industry will be administered by a national board, appointed by the social parliament, with district councils and works committees under it. Employes, administrative officials and the public are to be represented on those committees.

It is a vastly more complicated political machine than we, who favor progress towards a simpler and more consolidated organization, are accustomed to. A great deal of confidence is placed in administrative boards and commissions, which we have come to distrust. In the light of our experience we may be permitted to doubt whether the structure outlined by the authors would prove equal to the task. All through the book the assumption of a changed human nature is tacitly made. It is not questioned that the citizen will have political intelligence, civic zeal and disinterestedness sufficient to run the system. Civil servants are to be supermen in training, initiative and ability. Tremendous spiritual and intellectual changes will come about through a remodelled political structure. After reading Lord Bryce's comprehensive appraisal of modern democracies we may be permitted some skepticism on this point.

The Webbs have pointed out in clear relief the failures of our present political organization. Chapter IV particularly is a biting arraignment of parliamentary government at work. The authors have dared to propose a new system. This takes nerve, and we are all indebted to them for a new stimulant to our political thinking.

H. W. D.



# NOTES AND EVENTS

## I. GOVERNMENT AND ADMINISTRATION

**A City Manager for Cleveland.**—A petition bearing 19,323 names has been filed in Cleveland which will bring the question of city-manager government to vote in November.

✱

**Columbus Retains Mary Ann Ballot.**—The proposal to abolish the preferential ballot, which is discussed before every election, was defeated in Columbus, Ohio, last month, by a decisive majority.

✱

**Missouri to Have Constitutional Convention.**—On August 2 the people of Missouri voted affirmatively on the question, "shall there be a convention to revise and amend the constitution?" Elections for members to the convention must be held within six months.

✱

**Zoning in Toledo.**—The city council in Toledo is struggling to undertake a zoning of the city in accordance with the best practice of other cities. There is before it an ordinance to appropriate funds for the preparation of a zoning plan in accordance with recommendations of the city-plan commission. Mr. Harland Bartholomew of St. Louis has been in consultation with the commission, and may be placed in charge of the task of preparing a zoning plan.

✱

**Columbus Creates Planning Commission.**—Awakened civic pride, induced somewhat by the Scioto River channel improvements now nearing completion, need of a site for a city hall to replace the structure recently destroyed by fire, and the proposed re-routing of the street car service in the down-town district, has resulted in the appointment of a city-planning commission for Columbus, Ohio, modeled after similar bodies in other cities.

Chief among the important problems to be considered by the new commission are: the proposed civic center upon the river front; construction of the new municipal hall; regulation of hazardous construction of buildings; supervision of street planning; improvement of park systems; protection to residential districts against the encroachment of undesirable structures; construction of a river front boulevard which will

lead to the new million-dollar stadium at the Ohio State University; and the development of a zoning system for proper control of all building activities.

Preliminary steps leading toward the civic center have already been taken. The Columbus Masonic bodies have purchased a city block within the heart of the proposed center upon which, it has been announced, a \$3,000,000 temple will be erected. A recent survey, conducted by the Chamber of Commerce, indicated an overwhelming sentiment in favor of constructing the new city hall within this area. A movement has also been launched to secure a new post office.

Members of the new commission are to serve without compensation, and are authorized to make recommendations only.

WM. M. THOMAS.

✱

**Dayton's Difficulties.**—William C. Barber, the new city manager of Dayton, has resigned, and a petition has been filed, although not yet checked up, demanding an election on the question to abandon city-manager government. According to Dr. Garland the movement is led by the same people who have always resisted municipal advance in Dayton. Mr. Barber is quoted as saying that the prevailing sentiment demands a local man as manager. The men mentioned as his successor are all local residents. Dissatisfaction with the gas supply, another serious street car strike, and general restlessness due to unemployment have aided the antagonism to city-manager government.

The terms of the petition provide for a return to the old federal form, and if it is successful at the election no charter commission would be created. The return to the old form would be automatic.

✱

**John M. Gries Appointed Chief of Housing Division.**—Mr. John M. Gries of Urbana, Ohio, has been appointed chief of the division of building and housing which has been organized under the bureau of standards in accordance with a provision in a recent deficiency bill, as explained in last month's REVIEW. Mr. Gries comes to the

division from the faculty of the Graduate School of Business Administration of Harvard University, where since 1914 he has been giving courses in lumbering, business statistics and purchasing. In 1917-18 he was director of business research. During the war Mr. Gries rendered invaluable service to the government by his researches on lumber costs for the Federal Trade Commission.

Mr. Gries is placing the facilities of his office at the disposal of the committees on building codes, standardization, statistics and zoning now being formed by Secretary Hoover in order to utilize the best thought and advice of the country in building a commercial service in housing that can stand the test of time.

We have had enough of housing nostrums. What we want is a sound, constructive service which will give us the information that we need but cannot now secure. There is every reason to believe that we may find such a service developed in the department of commerce if the Calder-Tinkham bill is passed by congress in order to make permanent the division of building and housing which is at present organized under an appropriation-bill authorization for the current year only.

HARLEAN JAMES.



#### Massachusetts Bill Board Regulations Again.

—It was with satisfaction that the REVIEW announced in its March issue the regulations promulgated by the Massachusetts division of highways on December 20, 1920, pursuant to an enabling act passed in May, 1920. While the regulations did not go as far as the recommendations of the Massachusetts Federation of Planning Boards, they did contain the first essentials of control, if sympathetically administered. But the enactment of laws and the publication of regulations is only the beginning and not the end of effective control. Consequently, it should cause no particular surprise to learn that the division of highways recently prepared a set of revised regulations, which it is said were approved by the attorney of the billposters. It was, among other things, proposed to withdraw the regulation forbidding the erection of outdoor advertising within 300 feet of any park. But it is reassuring to learn that the regulation was evidently in accordance with the desires of a majority of the public, for the proposal to eliminate the three-hundred-foot clause met with a storm of protest on the part of citizens led by the Massachusetts Civic League, and it seems

altogether probable that the three-hundred-foot clause will be placed again on the "active list."

The Massachusetts Civic League is to be congratulated for its watchful attitude.

HARLEAN JAMES.



**New Kalamazoo Charter.**—Kalamazoo, Michigan will vote this month on the adoption of a new charter to replace the present city-manager system. The charter commission states their unanimous belief that the new instrument, if adopted, will furnish a far better form of government than that under which the city is now operating. After reading the document, this seems misguided optimism sure to prove deceptive.

The charter provides a council of ten elected by wards and a mayor with veto power whose salary is to be \$500 per annum. Administration is to be in the hands of six boards appointed by the mayor for overlapping terms, the appointments being subject to confirmation by the council. The statement of the charter commission assures us that definite responsibility for the city's administration is placed with the mayor which sounds like lip service to the short ballot principle. Almost childlike trust is placed in the legal tax limit of one per cent contained in the charter. The commission assures the people that on a valuation of \$3,000 the city tax will be no more than \$30 instead of \$40.50 as at present.

In an emotional reaction against city-manager government and a broad improvement program, the charter commission of Kalamazoo has ignored many of the lessons learned in municipal government during the last fifteen years.



**Chicago's Fifty-Ward Law in Effect.**—After a delay of nine months, the Chicago city council has at last passed, and the mayor has signed the ordinance creating fifty wards in the city. This is the ordinance for which the civic organizations have fought for three years. Last fall the permissive state law was submitted to the voters by the petition process and carried by more than 100,000 majority.

There is no magic in the number 50. But the new law and ordinance do two things worth while—cut down the size of the council from 70 to 50 members and equalize the size of the wards. Heretofore, the small "inside wards" had two aldermen, respectively, and the large outside residence wards had the same number. Thus, a ward of 150,000 inhabitants had only the weight



of a 50,000 ward. The new wards are relatively equal in population and by this same token the old residence wards come to their own in the matter of representation.

One of the interesting by-products of the new ordinance is the elimination of Alderman Kenna—known as “Hinky Dink”—who has been in the council for thirty years. According to the *Daily News*, “Alderman Kenna is getting out by choice, in order to allow his old colleague, Alderman John J. Coughlin (Bathhouse John), who is more of an orator and who has accumulated far less of this world’s goods, to remain in the council. Kenna is expected to continue his domination as ward leader.”

C. A. DYKSTRA.



**The Breakdown of the British Housing Schemes.**—Much interest and some disappointment has been expressed in this country over the breakdown of the English housing policy. The announcement in July through the General Housing Memorandum No. 54, which instructed local authorities to issue no certificates under the Housing Act for grants to private persons for construction of houses not commenced on that date is taken to mean that England is forced to find a new policy. The prime minister is quoted as declaring, “We are only now crying a halt—not to stop building. There will not be a single house the less built. . . . I say this is simply

an effort—and I use the phrase which I used before—not to stop house building, but to put it on a better and more businesslike footing.”

Pending the announcement of the new policy which shall place housing on a “better and more business-like footing,” we read with neighborly sympathy the comments in England. The *Garden Cities and Town Planning* journal states clearly that, the old scheme broke down because it depended upon a method of subsidization that everyone knew to be unsound. And it broke down because, although the first Act of 1919 had some provisions of a permanent character, the financial sections were temporary and the whole of the administration under the Act was on an emergency basis.” The editor further makes a sage remark that we might do well to heed in this country as we come to solve the accumulated housing problem of recent years. He says: “This indifference to the wider issues of the housing problem is characteristic of the government housing scheme generally; there has been, in greater or less degree, lamentable neglect, not merely of matters of transport, but of the whole range of economic considerations that arise in connection with town development in all the large new housing schemes undertaken by the great municipalities. The explanation is that housing is a complex business that cannot be successfully handled apart from attention to the specific problems of city life and planning.”

HARLEAN JAMES.

## II. JUDICIAL DECISIONS

**Charter a Limitation Not a Grant.**—A provision in the Los Angeles city charter empowered the city to “license and regulate—any lawful business or calling” and to “fix the amount of license tax thereon.” Under the charter an ordinance was passed imposing a license tax on practically every kind of business and profession carried on in the city. The license tax was imposed primarily for revenue purposes, but under a previous ruling of the court the terms “license and regulate” had been construed to mean power to license for revenue purposes.

In this case the court held that the charter, which was framed in accordance with the constitution as amended in 1914, was a limitation rather than a grant of power, insofar as “municipal affairs” are concerned, and unless the charter contained a prohibition regarding a particular “municipal affair,” the city had power to legis-

late in respect to that affair. In holding that the charter was a limitation of power rather than a grant, the court went a long way in overruling the time honored canons of strict charter construction.<sup>1</sup>



**Municipal Liability.**—While filling a sprinkling wagon, a municipal employe negligently dropped a plug cover and injured a young child. Suit was brought against the District of Columbia for damages. The United States supreme court held that the sweeping of streets was a discretionary power with a municipality in protecting the public health and comfort and that it was not performing a special corporate or municipal deed. Therefore, it was held that the city was not liable for the negligent act of its employe.

<sup>1</sup> *Ex parte Nowak*, 195 Pac. 402. *Ex parte Jalusha*, 195 Pac. 406.



When acting in good faith, municipal corporations are not liable for the manner in which they exercise discretionary powers of a public or legislative character.<sup>1</sup>

✱

**Public Utility Franchises.**—Certain Iowa cities passed ordinances conferring on certain public utilities franchises to use the street for twenty-five years on condition that they should charge specified maximum rates. The utilities companies sought an injunction to restrain these rates, which for the purposes of the suit were admittedly confiscatory.

The court held: First, that although governmental agencies have authority to fix reasonable rates to be paid public service corporations, that that power does not include the power to fix rates so low as to be confiscatory, and, second, that the enforcement of any rate agreement is to be controlled entirely by the question of whether there was a valid contract.

The court distinguished between governmental regulation and regulation by contract. In case of contract, providing there is an enforceable obligation, the question of whether the rates are confiscatory does not enter. If the governmental agencies had the power to make a rate contract, it would be binding even though confiscatory.

In this case the court held that under the Iowa statutes the power was always in the present council to fix rates, and that the city had no authority to make an agreement covering a period of twenty-five years; that there was consequently no contract, and hence no enforceable obligation as to the rates. The judgment in this case is a boomerang to the decision handed down by the United States supreme court in the case of *Home Telephone Company v. Los Angeles*, 211 U. S. 265.

✱ That case was regarded as a great victory by the people in getting out from under vicious franchises made by earlier city officials. In the present case, however, the tables are turned, and it is the public utility which is getting away from hard franchises.<sup>2</sup>

✱

**Municipal Liability.**—The plaintiff was run into and injured by an automobile ambulance owned by the defendant. The city had statutory power to provide hospitals for contagious

diseases and hospitals for inhabitants who by misfortune or poverty might require relief; but no express power was conferred to operate ambulances. Held, that the city was not liable for the accident, as the purchase and operation of the ambulance was ultra vires and that the city was not responsible for its ultra vires acts. The ambulance in this case was purchased for general purposes; had it been used solely for use in conveying paupers and contagious disease cases, the court intimates that it might have been within the implied powers of the city.<sup>3</sup>

✱

**Tax Exemption a Sovereign Act.**—The exemption from taxation by a state of its own bonds is held to be an act of sovereignty, and consequently not amenable to the constitutional provision requiring that all property within the state be taxed.<sup>4</sup>

✱

**Dance Hall Regulation.**—A city may enact and enforce ordinances designed to prevent boisterous conduct and loud, unusual, and discordant sounds that cause public annoyance or menace the public health, but an ordinance prohibiting after 10 p.m. dancing or dance music in a room or hall within twenty-five feet of a residence was held violative of the fourteenth amendment of the federal constitution as being unreasonable and oppressive, and unduly and unwarrantably interfering with personal liberties. It is interesting to note in connection with this case that the United States supreme court in *Barbier v. Connolly* sustained an ordinance prohibiting washing and ironing in public laundries after 10 p.m.<sup>5</sup>

✱

**Ordinance Forbidding Firemen from Unionizing.**—The city of Dallas adopted an ordinance forbidding members of its fire department from becoming members of an association not approved by the chief of the fire department and the fire commissioner, and requiring withdrawal from membership in any organization deemed by such officials to be "detrimental to the duties and service required to be performed by the members of the fire department."

Certain firemen of the city refused to withdraw from a local union affiliated with the American Federation of Labor, asserting their right to

<sup>1</sup> *Harris v. District of Columbia*, 41 S. C. R. 610.

<sup>2</sup> *Southern Iowa Electric Co. v. Chariton U. S. Supreme Court*, April 11, 1921.

<sup>3</sup> *Ducey v. Town of Webster*, 130 N. E. 53.

<sup>4</sup> *Haster v. Roberts*, 219 S. W. 729.

<sup>5</sup> *Ex parte Hall*, 195 Pac. 975.



organize for mutual protection in their work. They were thereupon discharged after a hearing on charges of violation of the ordinance above mentioned, and sued to require their reinstatement.

The decision of the court sustained the action

of the municipal authorities on the grounds that it is of the best interest to the public that such organizations be prohibited and that the action of the authorities was not "arbitrary or capricious."<sup>1</sup>

ROBERT M. GOODRICH.

### III. GOVERNMENTAL RESEARCH CONFERENCE NOTES

The Rochester Bureau announces the appointment of Stephen B. Story as director, vice J. W. Routh, resigned. The bureau's address is now 501 Arlington Building.

The Indianapolis Bureau announces the resignation of Robert E. Tracy as director, to enter private business. The future of the Indianapolis Bureau, which is supported by the Chamber of Commerce, has not been announced.

The San Francisco Bureau is undertaking a campaign for finances directed by C. O. Dustin, associated with Ward, Hill, Pierce and Wells, 304 Flood Building, San Francisco. The campaign contemplates pledges for a five-year period, and it is reported that a considerable sum has already been underwritten with four more months in which to complete the undertaking.

The Detroit Bureau has added temporarily to its staff Ernest B. Schulz and Robert W. Kneebone, graduate students in municipal administration at the University of Michigan.

"The Citizen and the Government" is the title of a twenty-page pamphlet issued by the Detroit Bureau and dealing particularly with the organization and operations of the bureau, but also discussing research organizations and their place in the community.

Municipal court operations during the first year of the new Detroit court, which has been called the most modern municipal court in the country, are analyzed in a mimeographed report prepared by the Detroit Bureau. Owing to the general interest in this new court, sufficient quantities have been prepared for distribution.

The Proceedings of the Governmental Research Conference's Philadelphia meeting have been mimeographed and are available for distribution. Inquiries should be addressed to the secretary at 542 Griswold Street, Detroit, Michigan.

A Tax Reduction Council is projected in Seattle for the carrying out of a general research program.

The Taxpayers' League of Duluth has been established with offices at 204 Torrey Building. The organization is adequately financed to carry out a research program. Whitney Wall is president, and Robert M. Goodrich, of the Detroit Bureau, executive secretary.

The Hoboken Chamber of Commerce has a research department in charge of Philip H. Cornick, assistant-manager of the organization.

The Los Angeles Efficiency Department, Room 30, City Hall, is in charge of J. S. McQuiston, director.

The Rosenbluth-Kronkheit affair is apparently closed so far as the United States department of justice is concerned, by the public statement of Attorney-General Daugherty that the proceedings against Captain Robert Rosenbluth have been dismissed. At the Philadelphia meeting the officers of the conference were instructed to write to the attorney-general setting forth certain alleged injustices to Captain Rosenbluth, and to ask for a personal consideration of the case and speedy action by the department either for conviction or acquittal. It will be recalled that Captain Rosenbluth was formerly attached to the New York Institute for Public Service, was a captain in the expeditionary force, and later the representative of the national relief organizations in Russia.

The United States Bureau of Efficiency, at the request of the Board of Commissioners of the District of Columbia, is undertaking a survey for the purpose of establishing personnel grades and reporting on the business methods of the municipal government of Washington.

The United States Bureau of Efficiency reports that they are engaged on assignments looking to the reorganization of the statistical work of the government; the reclassification of government salaries, now embodied in the Wood-Smoot bill before congress; the better control of congressional office supplies; duplications of

<sup>1</sup> *McNatt v. Lawther*, 223 S. W. 503.



work in the executive department; the compilation of a history of permanent appropriations; the budget and financial methods of the Pan-American Union; business methods of the Freedman's Hospital; business methods of the bureau

of standards; a personnel survey of the public health service; the reorganization of the bureau of internal revenue; and the preparation of a plan of efficiency ratings in the division of loans and currency.

#### IV. MISCELLANEOUS

**City Clubs and City Clubs.**—The Chicago City Club is publishing in its weekly bulletin a series of articles on other city clubs. For those interested in comparative methods of organizations these articles should prove good "source material." There are the "forum" clubs which only listen and discuss and never take action on controversial issues and never support or oppose candidates for office. These clubs set up as their objective the education to be derived from listening to all sides of public questions and the social advantages to be drawn from personal contact through a membership representing all classes, all political parties and all schools of thought. There are city clubs which take definite action on public questions. Such an organization, however great its moral force in the community, must be content with a membership limited to those who agree with the action taken. At least one city club is making an effort to combine the methods. By keeping the forum department entirely separate from the active committees which study special problems and make recommendations for action, it is hoped that the wires will never cross.

But whatever their type the city clubs of the country are performing a useful service. If they do not take action other organizations grow up which do. If they take action and so exclude some of their members, these undoubtedly find

social and civic contact elsewhere. No one club or association can hope to cover the whole civic field efficiently.

HARLEAN JAMES.



**Mr. Thomas Adams**, so well known to Americans for his distinguished services as city planner under the Canadian government, has worked out an arrangement with the Dominion authorities which permits him to return to England for a part of each year where he will assume the active direction of the old firm of Thomas Mawson & Sons, landscape architects. With the abolition of the Canadian Conservation Commission, Mr. Thomas' division was renamed the City-Planning Division of the National Parks Branch of the Department of the Interior. He sailed for England last month to be gone until mid-winter.



**Annual Report of the Civic League of Allegheny County.**—The form and content of the annual report of the Civic League of Allegheny County, Pennsylvania, are well worth attention. The club celebrated its twenty-fifth birthday during the year by a pageant which received national recognition. The enumeration of its activities during the year shows that its membership of nearly 2,000 men and over 1,000 women is engaged in a civic endeavor invaluable to the community.